FINANCIAL TIMES

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WORLD NEWS

Kinnock hits at critics of policy review

Labour leader Neil Kinnock ended one of his toughest weeks since taking office by attacking critics of tba party's policy review.

He insisted Labonr must embrace change and hit out at left-wingers who wanted to turn the party into "a permanent movement for protests and condolences." Back Page; Kensington by-election, Page 4

Two convicted of plot

Patrick McLanghlin, 40, and Liam McCotter, 25, both from Belfast, were found guilty at the Old Bailey of plotting an IRA bombing campaign in mainland Britain last year. They will be sentenced on Monday.

£24m for homeless

Local authorities are to receive an extra £24.1m from the Government to help reduce homelessness. Page 4

Irish fan drowns

An Irish soccer fan in West Germany for the European championships fell drunk into the river Main and drowned.

Red Brigades arrests

Italian police arrested nine alleged members of the Fighting Communist Party, which claimed it murdered an Italian senator in April.

Armenia spurned

The row between two Soviet republics deepened when Azerbaijan's parliament rejected Armenia's request to transfer the disputed Armenian enclave of Nagorno-Karabakh. Back Page

Yugoslav unrest mounts

More than 10,000 people demonstrated against austerity moves outside parliament in Yugoslavia's capital, Belgrade.

Polish loyalty oath

Poland's legislature voted unanimously to introduce a military oath which drops a controversial loyalty pledge to tha Soviat armed forces.

Romania accused

The International Helsinki Federation for Human Rights accused Romania of trying to assimilate 2m ethnic Hungarians by force, destroying their villages and stamping out their language and culture.

Marcos request refused

Philippines president Corazon Aquino rejected ex-president Marcos's request to be allowed home from exile for his mother's funeral.

Militia rescue children

Pro-Iranian Hizbollah militiamen in Lebanon stormed a hideout near Beirut and rescued three kidnapped children. Tba plan was co-ordinated with Syria.

Sri Lankan's appeal fails

Sir Lankan Viraj Mendis lost his appeal against a Homa Office deportation order. Mendis, who has been living in the sanctuary of a Manchester church for more than 17 months, claimed he faced persecution in Sri Lanka.

Experts advise Nigeria

Britain and the US are sending scientists to advise Nigeria on handling more than 3,000 tons of dumped toxic waste. Page 2

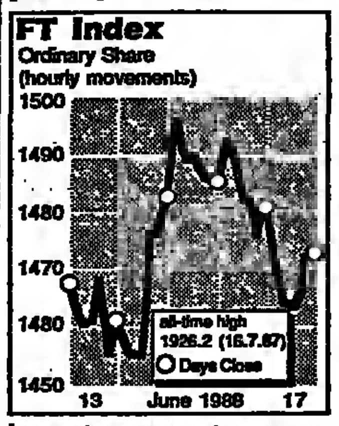
BUSINESS SUMMARY

Life companies attacked over low tax levels

LIFE COMPANIES' low tax bills came under attack from the Government and Chancellor Nigel Lawson said the yield from the industry overall was less than might be expected.

However, industry sources warned that any increase in life companies' tax levels would reduce bonuses for policy holders. Lex and Back Page; Uncertainties over life and taxes, Page 4

UK securities markets was hit by inflation worries. Nervousness came to a head at midday when possibility of another rise in bank



base rates reasserted itself. The FT ordinary index closed 9.0 down at 1,472.6. London Stock Exchange, Page 12

EUROPEAN COMMUNITY farm price talks broke down after Greece unexpectedly vetoed plans to fix EC prices for the current year. Back Page

US neared agreement over its long-standing battle with Japan over Tokyo's beef and citrus quotas. Page 3

ARGENTINA: Several US commercial banks are poised to declare their Argentine loans non-accruing. Page 2

ALUMINIUM demand in Western Europe is expected to exceed 1987 figures and the additional metal will only be obtained through increasing imports, chairman of the European Aluminium Association, Theodor Tschopp, said in Brussels. Page 3

EDDIE SHAH, founder of the Today newspaper, reinstated his plans to launch a national newspaper in the autumn. Page 4

GENERAL MOTORS, US automative group, is establishing its first European facility for producing engine control computers near Liverpool. Page 4

GENERAL ACCIDENT of the UK is believed to be the buyer of Brierley Investments' 35 per cent stake in NZI, New Zealand-based global insurance and investment group. Brierley said the buyer would not be announced until next week. Page 10

CERUS, French holding company controlled by Carlo De Benedetti, approved a FFr5.5bn (£520m) fund raising operation to belp finance more than FFr6bn of debts which it ran up in the battle for Société Générale de Belgique. Page 10

TAIYO KOBE Bank of Japan bought an 8.63 per cent non-voting stake in Swiss commercial bank, Banca della Svizzera Italiana, for SFr73m (£28m). Page 10

VIRGIN GROUP, leisure company, is selling 67 of its recorded music shops and seven sites for shops to retail and wholesale group W.H. Smith for £23m. Page 8

CALOR, bottled gas company, reported pre-tax profits 5.5 per cent higher at £74.2m, in the year to end-March. Page 8

Rise in inflation to 4.2% sparks fear of higher interest rates

BY RALPH ATKINS

BRITAIN'S annual inflation rate rose to 4.2 per cent in the year to May – the highest rate for seven months, according to official figures published yesterday.

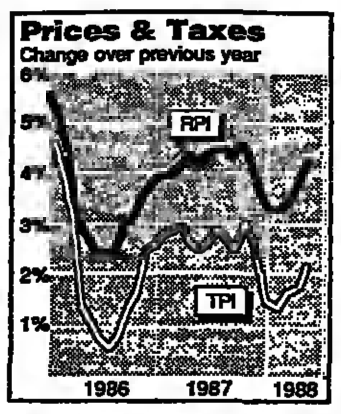
The upturn heightened fears of mounting inflationary pressures in the UK economy and added to concern in other leading industrialised countries about a worldwide trend of price rises. In West Germany and Japan there is growing speculation about a rise in interest rates to dampen pressure on inflation.

However, Mrs Margaret Thatcher, the Prime Minister, said last night that the rise was not a sign that inflation was about to take off again.

Answering questions at the Welsh Conservative conference in Llandudno, she said: "It might be up a little but, no, it will not take off," attributing the rise to rent and rates increases working their way through, as well as changes in some customs and excise duties. The economy was still on course and the budget in surplus, she stressed.

The May rise in inflation was larger than independent economists had predicted and followed annual rates of 3.5 per cent and 3.9 per cent in March and April.

It prompted speculation that British monetary authorities will seek to force another rise in banks' base interest rates from the present 8½ per cent to ease pressure on prices in a fast-growing economy.



Other figures published yesterday highlighted the buoyancy of the economy and the threat of rising costs. Manufacturing output increased sharply in April to the highest level since August 1974, but labour costs per unit of output continued to rise strongly.

The Department of Employment said the all-items retail prices index rose 0.4 per cent in May to 106.2 (Jan 1987=100), compared with 105.8 in April. The increase was due mainly to higher clothing and food prices and further effects of recent rises in electricity and gas costs.

Budget changes also contributed to price increases, but the rise was checked by the effect of recent falls in mortgage rates.

Mr Norman Fowler, Employment Secretary, said that since March the annual rate of inflation has been influenced by "temporary factors." There was no need to revise the Budget forecast of an inflation rate of 4 per cent at the end of 1988.

However, the latest figure added to the fears of some analysts that inflation might continue to rise in the coming months – particularly as it followed other statistics released during the week which painted a similar picture.

Figures for average earnings on Thursday showed that the underlying rate of increase for the whole economy rose to 8¾ per cent a year in April – the highest level since July 1982.

On Monday, Department of Trade and Industry figures showed the cost of materials and fuel purchased by manufacturing rose by a seasonally adjusted 2 per cent between April and May. Unless absorbed in profit margins, rising costs for companies

Continued on Back Page
Factories' output at highest level since 1974, Page 4

G7 leaders gather for summit against background of unease

BY SIMON HOLBERTON IN LONDON AND PHILIP STEPHENS IN TORONTO

EXPECTATIONS in financial markets of higher official interest rates in the UK, West Germany and possibly Japan were raised yesterday as leaders of the world's major industrialised countries flew to Toronto for their 14th annual summit on economic and political issues.

The renewed unease in financial markets provides an unfortunate backdrop to the summit which opens on Sunday. Leaders of the Group of Seven have billed their three days of talks as an essentially uneventful gathering which would help to underpin the relative stability seen on the markets over the past two months.

Fears of higher world interest rates and rising commodity prices continued to unsettle the US bond market yesterday. By midsession the 30-year long bond had weakened ½ a point to 100⅜ to yield 9¼ per cent. The key federal funds rate rose to 7⅛ per cent.

Currency markets, however, were relatively stable and European stock markets, though ending lower, recovered from the day's worst levels.

Mr Nigel Lawson, the Chancellor, said in a BBC radio interview before leaving for Toronto that it was "not going to be a summit... in which some great new direction is charted, or some crisis action taken, because there is no crisis."

In Toronto, Mr Michael Wilson, Canada's Finance Minister, said the seven could be expected to give added momentum to existing policies but not to produce any "miracles."

He acknowledged concern abont resurgent inflationary pressures. Higher international commodity prices might intensify those pressures, while levels of capacity utilisation and employment in the US suggested that Washington needed to be particularly vigilant.

"Inflation is something which we have to keep our eye on," Mr Wilson said, although it was important not to exaggerate the extent of the potential problem.

Asked about speculation in the markets of an imminent rise in West German interest rates, Mr Wilson said that it was important that all governments retained the flexibility to respond to domestic pressures in their economies. He was careful, bowever, to avoid direct comment on the prospect of an upward shift in world interest rates.

In West Germany there have been reports that the Bundesbank, the country's central bank, will raise a key money market interest rate early next week. In Switzerland, interest rates have already been raised and three-month Swiss Eurofranc rates have risen from 2¾ per cent on Monday to 3⅞ per cent yesterday.

The Bundesbank is known to be concerned about the weakness of the D-Mark against the dollar. The West Germany economy is sensitive to imported inflation and the central bank believes that a stronger D-Mark would increase West Germany's resistence to it.

In London yesterday, the Bank of England resisted money market pressure for higher interest rates. The money market and the UK government bond market was discounting at least another ½ point rise in short-term interest rates, currently 8½ per cent.

It is thought that the pound would have to weaken before the Bank would raise UK rates, but analysts in London said that any rise in West German rates could provide the UK with a "window of opportunity" to do the same.

Unsolved problems belie confident mood, Page 3; International bonds, Page 10; Currencies, Page 12; Lex, Back Page

Monopolies probe into Kuwait's BP stake to be speeded up

BY MAX WILKINSON AND ANDREW GOWERS

THE MONOPOLIES and Mergers Commission has been asked by the Government to accelerate its inquiry into the Kuwait Investment Office's purchase of a 22 per cent stake in British Petroleum, the world's third-largest oil company.

A report from the commission is expected to be available to *ministers in midsummer* rather than in the early autumn, as originally planned.

The tight timetable indicates a growing anxiety among ministers about the implications of such a large holding by a member of the Organisation of Petrolaum Exporting Countries.

KIO, which is state-owned, has repeatedly said it regards the £4bn stake as a long-term investment and has no plans to seek representation on the board. However, officials from the Department of Energy and the Treasury have said in evidence to the commission that a 22 per cent holding could be enough to give Kuwait a large measure of influence and perhaps eventual control over the company.

Althongh the commission's reports are usually pnblished whila parliament is sitting, it is thought that on this occasion ministers may wish to announce a decision during the summer recess to *lift the uncertainty* hanging over the BP share price.

BP would not comment yesterday, but Sir Peter Walters, the chairman, has repeatedly made it clear that he regards the 22 per cent stake as too high and that he would regard a figure of 10 per cent or less as more "comfortable."

Privately, ministers have been sympathetic to the BP view and this has been relayed to Sheikh Ali Khalifa, the Kuwaiti Oil Minister, during informal contacts between the two Governments. However, the Kuwaiti position is that if the British Government did not want a block of BP shares to be consolidated into one holding, it should not have sold its 33 per cent stake in one block last October.

The options available to the Government will depend crucially on whether the commission finds that the Kuwaiti holding is against the public interest. If it *does, ministers would have wide* powers to order a divestment of some of the shares, or to require undertakings from Kuwait that it would not interfere in the company's policy.

An undertaking by itself would not, however, satisfy those in Whitehall who point to the limitations of past attempts to bind sovereign states on commercial matters.

In an oil supply crisis, they argue, Kuwait might face irresistible pressure to use its BP holding to support the policies of the Opec cartel in opposition to the interests of the company and of British consumers.

Saatchi's £177m rights funding astounds market

BY DAVID WALLER

SAATCHI AND SAATCHI, the advertising and business services group, surprised and irritated the stock market yesterday with the announcement that it is to raise £177m through a complicated rights issue of convertible preference shares, designed to appeal to new investors in the Euromarkets rather than existing shareholders.

Saatchi's shares shed 31p to close at 372p, down from this week's peak of 417p on Monday nigbt. Stockbrokers' analysts complained that they had been landed with the issue only days after recommending the stock on the back of a visit to Saatchi's US operations last week.

Moreover, their calculations suggest that the issue would dilute earnings per share for the year to October and next year.

Of the proceeds of the issue, $90.3m (£50.5m) is earmarked for the acquisition of Gartner Group, a publicly-quoted US consulting firm specialising in the information technology market. The balance will serve to eliminate Saatchi's borrowings and leave it free to make more acquisitions to bolster its management consultancy activities, which last year accounted for 13.4 per cent of the group's pre-tax profits of £124m.

Although the new shares are to be offered to Saatchi's existing shareholders, they are primarily designed to attract fresh international investors. Saatchi's issue is the largest fund-raising exercise of this type to date, following similar issues from Slongh Estates, the industrial property company which raised £150m, and Next, the retail clothing chain that raised £100m.

Mr Jeremy Sinclair, Saatchi's deputy chairman, said yesterday that the issue was designed – industrial aspirations apart – to broaden the company's shareholder base in Europe following a placing in Paris last year which left 6 per cent of its shares in the hands of French investors. On conversion, the latest tranche of shares would account for 18.5 per cent of Saatchi's ordinary share capital.

Last year, UK companies aroused indignation among investing institutions by issuing a series of convertible Eurobonds witb no pre-emption rights for existing shareholders. Tbis prompted fund managers to insist on first refusal for any new issue expanding a company's equity capital by more than 2.5 per cent, or 10 per cent in the case of an acquisition-linked placing.

The issue incorporates a so-called "rolling pnt" feature, whereby shareholders will have the power to require redemption between 1993 and 1998 at a price that guarantees an annual compound redemption yield of 9.98 per cent. This provision, first seen in the Slough Estates offer in April, provides a safety net for international investors; most "put" options allow redemption on such terms at one date only.

Saatchi shareholders will be offered one new preference share for each ordinary share held. The shares will be convertible into ordinary shares from October 1989 at a price of 441p, a 10 per cent premium on Thursday's closing price.

The complex sub-underwriting, handled by Warburg Securities,

Continued on Back Page
Lex, Back Page

Israeli and PLO man told to quit UK after spy case

BY OUR MIDDLE EAST STAFF

AN ISRAELI diplomat and an official of the Palestine Liberation Organisation were ordered to leave Britain yesterday following revelations of espionage during the trial of a Jordanian convicted earlier this week for arms possession.

The Foreign Office named the Israeli as Mr Arie Regev, an attaché. He has been told to quit by the end of June "because of activities incompatible with his diplomatic status."

Britain is believed never before to have declared an Israeli diplomat persona non grata during 40 years of relations. However, the Foreign Office said that in connection with the same affair another Israeli, Mr Jacob Barad, had been told last October in his absence that he was no longer acceptable, altbongh no announcement was made then.

The Palestinian being expelled is Mr Zaki al Hawa, press officer at the PLO office in London, who has also been ordered out by the end of the month. He has been identified as a member of the PLO's Force 17, an undercover arm of Al Fatah, the mainstream group of the organisation which is responsible for guarding Mr Yassir Arafat.

Mr Ismael Sowan, a research

Continued on Back Page

WEEKEND FT

SMASH, BANG, WALLOP

Has power tennis got out of control? John Barrett asks if the rules need changing. Plus an examination of Wimbledon's controversial debenture system; Arthur Hellyer on growing strawberries; Antony Thorncroft on business entertaining at top sport and cultural events, and a Wimbledon form guide

FINANCE

Barlow Clowes: The lessons. Report by John Edwards

TRAVEL

Michael Thompson-Noel in Istanbul

DIVERSIONS

How To Spend It, Book Fairs, Collecting, Food for Thought, Wine, Fishing, Motoring, Dispatches

SURVEY

Three pages on business books

MARKETS

DOLLAR

New York lunchtime:
DM 1.751
FFr 5.9015
SFr 1.455
Y125.825

London:
DM 1.753 (1.7535)
FFr 5.91 (5.9125)
SFr 1.457 (1.461)
Y125.85 (125.75)

Dollar index 94.4 (94.3)
Tokyo close Y125.73

US LUNCHTIME RATES

Fed Funds 7¼%
3-month Treasury Bills: yield: 6.568%
Long Bond: 100¼
yield: 9.114%

GOLD

New York: Comex August $458.35 (453.9)
London: $450.25 (453.5)

STERLING

New York lunchtime $1.7845
London: $1.783 (1.7865)
DM 3.125 (3.1325)
FFr 10.5375 (10.5625)
SFr 2.5975 (2.61)
Y224.5 (224.75)
Sterling index 76.2 (76.3)

LONDON MONEY

3-month interbank: closing rate 9 5/16% (9%)

NORTH SEA OIL

Brent 15-day July (Argus) $15.435 (15.345)

STOCK INDICES

FT-SE 100 1,850.1 (–11.8)
FT Ord 1,472.6 (–9)
FT-A All Share 956.27 (–0.6%)
FT-A long gilt yield index:
High coupon: 9.33 (9.26)
New York lunchtime:
DJ Ind Av 2,080.15 (–4.09)
Tokyo:
Nikkei 28,342.46 (+195.14)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.60; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.30; Greece Dr120; Hong Kong HK$12; India Rs15; Indonesia Rp3,100; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils500; Kuwait Fils.500; Lebanon $1.25; Luxembourg LFr48; Malaysia Rm4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philippines Pes20; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rs30; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L600; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

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OVERSEAS NEWS

Marchers protest at Belgrade austerity plan

BY ALEKSANDAR LEBL IN BELGRADE

THOUSANDS of employees at a Belgrade farm machinery plant marched to Parliament yesterday, protesting against austerity, in one of the biggest street demonstrations by workers seen in post-war Yugoslavia.

It was the first major outburst of discontent among poorer Yugoslavs over an IMF-sponsored economic programme introduced a month ago. The plan involves wage cuts, tight monetary policy and liberalising prices, imports and foreign exchange.

At least 4,000 workers from the Zmaj factory walked the seven miles to Parliament, where they protested bitterly to Mr Dusan Popovski, the president of the assembly, over economic conditions under the austerity regime. Reoter reported that several thousand sympathisars also joined the march.

The protestors dispersed after Mr Popovski promised to convey their message of dissatisfaction to government and party leaders.

The administration of Prime Minister Branko Mikulic agreed to the liberalisation plan in an apparently successful attempt to secure new financing from the IMF, the World Bank, commercial creditors and Western governments. Yugoslavia's total debt exceeds $20bn (£11bn).

Yesterday's protest was legal and approved by the official trade union movement. Traffic police cleared the way for the marchers.

Public demonstrations by workers are highly unusual in Yugoslavia, where the official Confederation of Trade Unions (CTUY) is in effect part of the power structure.

Yugoslavia's economic managers are counting on a slowdown in price increases in July.

● POLAND's Parliament yesterday gave a first reading to a new set of draft laws which liberalise conditions for foreign investment, ease the rules for establishing new domestic companies and make it possible for enterprises to issue bonds for sale to private citizens as well as other companies, writes Christopher Bobinski in Warsaw.

In contrast to the original strict joint venture legislation passed in 1986, the new investment rules say new foreign-owned companies will have to pay a 40 per cent profit tax and resell 15 per cent of their hard-currency earnings to the state.

Moscow moves to calm Estonia

Quentin Peel on Soviet attempts to avert more nationalist unrest

THE sudden dismissal of Mr Karl Vaino, Communist Party leader in the Soviet Baltic republic of Estonia, seems to stem from a complex mixture of nationalist, economic and purely political tensions in a region which sees itself as e potential showpiece for Mr Mikhail Gorbachev's perestroika (restructuring).

Soviet officials were anxious yesterday to play down the significance of his unceremonious departure, after 10 years at the head of the local party, but the very absence of tributes in the official media suggests that he was pushed out, not promoted.

After the simmering southern republics of Armenia and Azerbaijan, where tension over the status of ethnic Armenians in Azerbaijan has caused bloody race riots, Estonia is the Soviet republic with the most outspoken nationalist movement.

Only in January, the head of ideology of the local Communist Party, Mr Rein Ristlaan, was sacked at a party plenum. "He failed to guarantee the effective functioning of ideology in the field of international education and in the struggle with nationalistic manifestations," Pravda, the party newspaper, declared.

No official reason has been given for Mr Vaino's replacement, but the situation in Estonia is clearly still giving Moscow grounds for concern.

The local party leadership has certainly come in for sharp criticism for not being progressive enough on the economic front, as well as for its failure to be more sensitive to an upsurge in public concern over environmental issues.

A major attack was published yesterday on the front page of the trade union newspaper Trud attacking the bureaucracy in Tallinn, the Estonian capital, for holding back economic reform. The implication is that what economic changes there have been – and Estonia has more than 1,000 new co-operatives, and one of the highest levels of per capita income in the Soviet Union – have come in spite of, rather than because of, the party leadership.

"Bureaucratic approaches, excessive centralism, uncontrolled pressure, have fettered local initiative," said Mr M. Pedak, chairman of the Estonian Council of Trade Unions.

He suggested that the failure to respond to local pressure for faster economic reforms, and environmental protection, had actually fuelled the rise in nationalist sentiment.

Mr Pedak criticised the proposals pnt forward by Estonian economists and intellectuals for the republic to become in effect self-managing, making an annual transfer to the national budget.

The answer was rather to replace the "bureaneratic, over-centralised system" of state management.

That will presumably be the task of Mr Vaino Vaelaes, the new party leader, who has been drafted back to Estonia after eight years as a Soviet ambassador. He has no ties to the recent party leadership, but strong roots in the local party, and obviously owes his appointment to Mr Gorbachev.

If the lessons of Armenia and Azerbaijan are learned, he may well have to ride with the nationalist tide to do that, but Moscow must want him to harness the strong Estonian nationalist tradition to the perestroika process, and head off all thought of greater independence.

Thatcher appeals to EC to allow Rover deal

BY WILLIAM DAWKINS IN BRUSSELS AND PETER RIDDELL IN LONDON

MRS MARGARET THATCHER'S personal intsrvantion in the European Commission's inquiry into the sale of Rover to British Aerospace is the clearest sign yet that the negotiations with Brussels are going very badly.

The British leader's intervention was made in a letter to Mr Jacques Delors, president of the European Commission, urging a quick decision on whether Brussels intended to block tha UK Government's proposal to inject £800m into the former state-owned car group to prepare it for the £150m takeover by BAe, on the grounds that it contravened EC competition rules.

The two sides are a long way apart – and several meetings between Lord Young, Britain's Trade and Industry Secretary, and the uncompromising Commissioner for Competition Policy, Mr Peter Sutherland have only served to entrench their positions. Their arguments revolve around money, with the Irish Commissioner insisting that the £800m capital injection be scaled hack by between £250m and £550m, a cut which would almost certainly force British Aerospace to abandon the takeover.

If the deal collapsed the Government would face a considerable dilemma, after having given BAe exclusive rights to negotiate with Rover. It could mean seeking an overseas buyer.

In addition tha MSF trade union, which represents 25,000 professional, technical and craft workers in British Aerospace and Rover Group, has written to the EC urging thet the takeover be allowed, arguing that thousands of jobs are at stake.

Commission officials say however thet the main criterion will be whether the aid gives Rover an unfair advantage over its competitors in the troubled EC car industry.

The prospects for compromise seem slight. On one side stands a UK Government keen to get rid of the last vestige of the troubled state owned car industry. It cannot easily afford to lose this chance of finding a willing buyer for a car business that many feel could never stand on its feet in an fiarcely competitive and increasingly global industry. The capital injection, the British argumeot goes, is a fair way to end state aid for Rover, totalling £3.8bn since 1976.

On the other side stands a Commission which has been conducting a purge against state aid of all kinds, rooted in the belief thet they destroy the EC's vision for s single free market by giving the beneficiaries unfair competitive advantages. The figures underline its firmness – Brussels estimates that last year alone, it ordered EC Governments to reclaim Ecu 747m (£493) of illicit state aid, an enormous increase on Ecu 11m in the previous year. France, Belgium and the Netherlands were the worst offenders.

Nowhere has Brussels' anti-aid crusade been tougher than in the car industry, where over the past year, it has forced cutbacks in regional assistance for Daimler-Benz, enforced the reduction of a UK aid package for Leyland Trucks as part of its sale to DAF of the Netherlands from £750m to £680m and opened an inquiry into the sale of Alfa Romeo to Fiat, on the suspicion thet the purchase price was artificially low.

Beyond that general political antipathy to state assistance, the Commission's industrial aid policy is driven hy Mr Sutherland's aim of making fuller use of existing competition rules than any of his predecessors. In Rover's case, he is applying Article 92 of the Treaty of Rome - the EC's constitution - which disallows state snhsidies unless they have "a social character," promote economic development of regions where the standard of living is abnormally low, or helps economic development where this does not harm the Community's common interest. Arguably, the last condition might epply to Rover.

Underneath its general anti-aid toughness, the Brussels authorities have been surprisingly flexihle where governments have offered restructuring or pulling back the protective blankets from the industries concerned. Ironically, the Commission launched its inquiry into Rover last March on the same day as giving the go-ahead for the French Government to bail out Renault with Ffr 20bn (£1.9bn).

That was on condition that the French car maker changed its status from a *regie* – with its debts guaranteed by the state – to a public company subject to normal commercial law. Renault is a rather larger business facing even tougher circumstances than Rover, but it would obviously be difficult for the Commission to justify refusing Rover after making a deal with Renault.

Youths overturn a bus in Bilbao yesterday as violent protests flared in the northern Basque region over the death in prison of a convicted separatist ETA guerrilla. Juan Carlos Alberdi died on Wednesday of a lung illness and a coroner said there was no evidence that a crime had been committed

Spanish inflation on target

BY TOM BURNS IN MADRID

SPAIN'S rate of inflation fell by 0.1 points last month, the second consecutive sharp monthly drop, and with the accumulated price rise this year now standing at 1.2 per cent, the Government's target of three per cent inflation at the end of the year looks increasingly within reach.

Already a price drop in April of 0.3 per cent brought the year-on-year inflation rate down to 3.9 per cent, the lowest since May 1970. Last month's continued fall, which maintain's the 3.9 per cent a year rate, owed mnch to a 5-per-cent petrol price cut introduced in late April.

The inflation trend strengthens the Government's hand in its attempts to maintain wages discipline for salary agreements, negotiated on December-to-December price rises. Yesterday's figures also gave the monetary authorities more leeway in dealing with an over-strong peseta, underpinned by high interest rates.

The Government's economic team has been wary of lowering the interest rate, now at 11 per cent, to below the psychological double-digit level for fear of triggering money supply growth and derailing the inflation target.

The strength of the peseta, particularly against the D-mark, was hlamed yesterday for e fall in the competitivity of Spanish exports.

Nigeria seeks advice on dumped waste

BY NICHOLAS WOODSWORTH IN ABIDJAN

BRITAIN and the US are sending scientists to Nigeria to advise on the handling of over 3,000 tons of toxic waste dumped at the port of Koko amidst growing concern aboot civilians at risk from contamination.

Experts from the International Atomic Energy Agency in Vienna are also expected to visit the site. Nigeria has said that some of the waste shipped from Italy is radioactive.

Nigerian health authorities are now preparing to evacuate all Koko inhabitants living within a 10-15km radius of the stockpile.

In continuing efforts to track down the vessels responsible, a Danish cargo ship has been impounded, Nigeria revealed yesterday.

On June 13 Chief Duro Onabule, press secretary to President Babangida, said the Government was considering the imposition of the death sentence on both nationals and foreigners found guilty of importing toxic waste.

A Lagos-based Italian businessman, named as the leader of the Koko waste dumping operation, has fled the country.

Investigations into dumping are under way in two other West African states.

In Guinea, 15,000 tonnes of American toxic waste has been deposited on an island off the seaside capital of Conakry.

Mr Sigmund Stromme, Norway's honorary consul in Conakry and manager of the Conakry-registered Norwegian shipping firm Guinomar, which allegedly transported the waste, has been arrested and accused of forging documents that allowed the importation of the US waste.

Earlier this week it was reported that following negotiations between Norway and Guinea, the Norwegian Government had agreed to send a ship to remove the waste.

In Congo five senior state officials have been arrested for attempting to import toxic waste without government permission. The arrests were made after a Dutch company said it had signed a contract for the stockage in Congo of 1m tonnes of waste from four European countries.

The ecology organisation Greenpeace has called on the European Community to ban industrial waste exportation. Mr Ernst Klatte, Greenpeace representative to the EC, said the revelations of toxic waste dumping in West Africa represented "only the tip of the iceberg."

Senate votes to reform welfare for unemployed

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE US Senate has voted overwhelmingly to approve legislation to reform the US welfare system to encourage states to provide education and day-care to the unemployed while requiring able-bodied recipients of welfare funds to work.

Senator Lloyd Bentsen, the Texas Democrat who chairs the Senate Finance Committee said the Welfare Reform Bill would "set an entirely new direction for the outdated system we inherited from the Depression."

Welfare reform legislation has already cleared the House, but there are big differences between the two versions of the legislation which would have to be resolved before a bill could go to the President for signature into law.

The House bill is expected to cost some $7bn over the first five years, more than double the expected cost of the Senate version.

President Ronald Reagan has been threatenening to veto the legislation unless changes are made to make it conform more closely with the Republican and Administration views on the direction in which reform of the welfare system should move. In an election year the House/Senate conference on the bill has the makings of a political tustle of the first order as Republicans and Democrats seek to shape the legislation in ways which fit their political philosophies.

The 93-3 vote in favour of the legislation in the Senate came only after an amendment had been accepted which included the provision that calls for states accepting the federal funding to require at least one parent in a two-parent family to work a minimum 16 hours a week in "workfare" or community work projects.

The legislation also provides for a strengthening of child support payments including a requirement that an employer deducts child support payments from the pay cheque of an absentee parent even when payments are not in arrears.

Reforms of federal social policies have been a focus of congressional action this year amidst mounting evidence that voters feel that this is an area of the federal budget which has been neglected by the Reagan Administration.

Earlier this month for example Congress approved a fundamental reform of the Medicare health programme for the elderly to protect recipients against the costs of catastrophic illnesses which would otherwise wipe ont savings.

Dukakis leads Bush by 13 points in latest poll

BY STEWART FLEMING IN WASHINGTON

GOVERNOR Michael Dukakis of Massachusetts, the certain Democratic Party candidate for President, continues to hold a commanding lead over his Republican rival Vice President George Bush in the race for the White House, according to an opinion poll yesterday.

He is also seen as likely to be a stronger leader than the Vice President and to handle the nation's economic problems better, the new NBC News/Wall Street Journal poll-suggests.

The poll gives Gov Dukakis a 49-36 per cent lead over Mr Bush, confirming the results of other recent polls and indicating that Gov Dukakis is enjoying a remarkably high level of support for a challenger who was virtually unknown s year ago.

However, political analysts remain sceptical of the polls as an indicator of the outcome of November's election, not only because the campaign has not yet begun in earnest, bnt also because national polls do not take account of the way tha actual election results are tallied state by state.

This said, Gov Dukakis's advisers and the Democratic Party must he encouragad hy the responses to more detailed questions about the way voters view the direction the country is taking and why voters prefer the Massachusetts Democrat.

Thus in the NBC/Wall Street Journal poll, 58 per cent said the time had arrived for a change in national policy while only 33 per cent wanted to continue on the Reagan path.

As for perceptions of Gov Dukakis personally, he is enjoying a 2-1 advantage over Mr Bush among women voters and leads Mr Bush among men. He is perceived by a margin of 46 per cent to 38 per cent as likely to be better able to handle the nation's economic problems.

The building of new houses in the US fell a sharp 12.2 per cent in May to a seasonally adjusted annual rate of 1.384m units, the Commerce Department said yesterday, Reuter reports from Washington.

Permits for future construction also fell in the month, dropping 1.5 per cent to 1.427m units.

The decline in housing starts was much bigger than expected. It was the largest since December 1987, when starts dropped by 15.8 per cent. But April starts were revised upward to show an increase of 3.1 per cent instead of 0.5 per cent.

West Bank violence re-ignites

By Andrew Whitley in Jerusalem

A REMOTE West Bank village was the scene yesterday of a pitched battle lasting several hours between Israeli troops and almost every able-bodied male in the small community. One Palestinian was shot dead and 22 others injured with light ammunition, rubber hullets and club wounds.

Tha early morning clash in Beit Furik, west of Nablus, was the most serious flare-up in the violence in the occupied territories for more than a month, belying frequent official claims that the "intifada" was dying out.

It was the army's concern to crush the recet upsurge in the use of Molotov cocktails by Palestinian demonstrators, through the instant demolition of the houses of suspected perpetrators, which provided the spark for yesterday's fierce engagement.

At least 16 family homes in different locations across the West Bank had been blown up, bulldozed into rubble, or sealed off on Thursday. The same day, a military court at Lod handed down exceptionally severe prison sentences - of eight to 10 years each - to four Palestinians charged with throwing petrol bombs.

In a concession to militant Jewish settlers, defence minister Yitzhak Rabin recent gave permission to Israeli civilians to shoot Palestinians armed with the crude, albeit frequently dangerous, home-made devices on sight. His authorisation provoked a protest from the US State Department.

Yesterday, a small unit of troops entered Beit Furik - a previously untroubled village - to carry out the belated demolition of the house of a Palestinian jailed two years ago in connection with the assassination of Mr Zafr al-Masri, the mayor of Nablus.

Rifts revealed in Tehran over Gulf peace moves

IRANIAN officials have made puhlic serious rifts within the Tehran leadership on Gulf war peace moves, Renter reports from Nicosia.

Interior Minister Ali Akbar Mohtashemi last week described as defeatist diplomatic efforts to end the war between Iraq and Iran, now in its eighth year.

The United Nations peace talks involving Iran's Foreign Ministry, he said, played into the hands of Tehran's arch enemy, Iraqi President Saddam Hussein.

His commeot in e Tehran newspaper interview was one of the strongest criticisms made by an Iranian minister of another branch of the government.

The Iranian Foreign Ministry has been bolding talks for several months witb UN officials about a Security Council resolution calling for a ceasefire between Tehran and Baghdad.

Baghdad has accepted the ceasefire call but Iran refuses to consider it until blame for the start of the Gulf War is apportioned.

Mohtashemi's attack on the negotiations was quickly challenged by President Ali Khamenei, who said the country's spiritual leader, Ayatollah Ruhollah Khomeini, and other senior officials approved all major foreign policy decisions.

Political analysts said recent Iranian battlefield defeats could back up the argument of moderate elements in the Iranian leadership who prefer a political solution to the conflict.

But negotiations are rejected by hardliners, including Revolutionary Guards commander Mohsen Rezaei. They insist that the war must be contioued until Iran defeated Iraq.

The debate on war diplomacy came as Rafsanjani was beginning tha task of streamlining Iran's armed forces following the setback in April, when it was driven out of Iraq's southern Faw peninsula.

The diplomatic and military offensives took place against the backdrop of uncertainty over the health of Ayatollah Khomeini.

EC anti-dumping duties for fibre imports

BY DAVID BUCHAN, PETER MARSH AND ALICE RAWSTHORN

THE European Commission yesterday imposed anti-dumping duties of up to 28 per cent on imports of polyester fibre from seven countries.

The move was broadly welcomed by the West European fibres indnstry, which had claimed the imports had kept prices low and reduced the sector's profits.

The duties, which are provisional but are expected to become binding, apply to imports of polyester staple and textured filamant from Mexico, Turkey, Romania, Yngoslavia, Taiwan, South Korea and the US.

The fibres are used mainly in the European textile industry, which as a result of the duties will almost certainly have to pay extra for some of its raw materials and may raise prices of some polyester-based products. For the past three years polyester prices in Europe have remained stable.

Following complaints last year from CIRFS, a Paris-based body which represents European fibre manufacturers, commission investigators said polyester staple fibre from the US, Mexico, Taiwan, Turkey, Romania and Yugoslavia had been sold at below market prices.

Imports from these countries of polyester staple, which comprises short strands used largely as a mix with natural fibres, rose from 33,859 tonnes in 1984 to 71,474 tonnes last year, accounting for 74 per cent of total imports into the Community.

Over the same period, the share of these six countries in total European Community consumption rose from 9.6 per cent to 17.8 per cent.

As a result of foreign price-cutting, prices for top quality fibre fell on average by about 14 per cent over the four years, according to the Commission.

The Commission imposed dnties on these imports of between 2.5 and 28 per cent.

As for imports of textured and filament yarns – another kind of polyester product – the Commission announced a slightly narrower range of duties on yarns from Mexico, Taiwan, Turkey and South Korea.

These duties vary from np to 18.7 per cent for filament and up to 26 per cent for textured yarn.

With filament imports from these countries rising from from 1,924 tounea in 1984 to 8,370 tonnes last year and imports of textured yarn increasing from 1,324 tonnes to 23,982 tonnes over the same period, European producers were forced to sell nearly at cost, the Commission said.

Schools merger hitch

A DECISION to merge two top management training schools, the International Management Institute in Geneva and Imede in Lausanne, has been delayed, writes William Dullforce in Geneva.

The delay is understood to follow IMI's insistence that Dr Jnan Rada, its director-general, should head the merged institution instead of Professor Derek Abell, Imede's dean.

Both sides said a merger was still being discussed.

Brazil military chief fired for criticising Government

BY IVO DAWNAY IN RIO DE JANEIRO

PRESIDENT Jose Sarney of Brazil yesterday dismissed his armed forces chief of general staff, Brigadier Paulo Roberto Camarinha, after the air force officer had attacked the Government's public sector pay freeze.

The sacking is the first confrontation between President Sarney and the armed forces since be took office in May 1985. His decision to back his economics ministers tends to confirm rumours thet Mr Mailson da Nobrega, the Finance Minister, bad threatened to resign if Brig Camarinha was not disciplined.

The confrontation began on Thursday when the brigadier – one of five military ministers – used a radio interview to demand the dismissal of Planning Minister Joao Batista de Abreu for failing to reduce inflation, now running at about 18 per cent a month.

Military discontent has been mounting in Brazil following the freezing of all public sector salaries in April. Last year, Gen Leonidas Pires Goncalves, the Army Minister, forced a 50 per cent pay rise for the military after junior officers criticised their leaders for failing to safeguard their standards of living.

By dismissing Brig Camarinha, who is popular with the lower ranks, Mr Sarney is risking further discontent among the military. However, the prospect of losing Mr da Nobrega – his fourth finance minister – appears to have left him with little alternative.

Both sides raise stakes in Argentine debt negotiations

Buenos Aires may find it harder to borrow new money, reports Tim Coone

STAKES are being raised in the poker game of Argentine debt negotiations. Several US commercial banks are on the point of declaring their Argentine loans non-accruing.

Argentina, too has upped its ante. There must be a cut in interest rates now, the Government says, or a moratorium is inevitahle. At the end of this month the strength of those positions will be tested.

In the last week of March, Argentina fell behind in its interest payments to banks under a rescheduling agreement made in September 1987. Under US accounting rules, if the delays continue for more than 90 days then the loans must be declared non-accruing, which means that banks cannot count the payments as net income until they have physically received the cash. That deadline will be reached on June 30, and if Argentina does not make good those payments, then it will have entered into a de facto moratorium. It will have also made it much harder to persuade US banks to lend further new money this year.

Last year, in the final phases of the rescheduling negotiations, Argentina was in a similar position. Reserves had fallen to an estimated $300m-$400m and Central Bank officials were warning that if agreement could not be reached with its creditor banks, a moratorium would be inevitable.

Then, however, an agreement with the IMF had already been sewn up.

At the final hour the US Government came to the rescue with a bridging loan, creating breathing space for the negotiations to be finalised without Argentina's debt being declared non-accruing.

This year the prospects are less promising. The country has to find up to $6bn to service its foreign debts, including some $400m in arrears to official creditors. Even though export volumes and farm export prices are significantly up on 1987, last year's crop failures and disappointing trade performance has left a significant debt hangover in 1988.

Furthermore, the latest fiscal deficit projections by the Government are 1 percentage point of GDP over those agreed with the IMF, requiring a further waiver before the final tranche of the last standby loan can be released.

Directors at the World Bank are also deeply divided as to whether to continue their financing programme to Argentina because of its failure to meet conditions oo numerous loans.

On top of that has come Argentina's proposal, made at the beginning of this month, to reduce interest rates to 4 per cent per annum, effectively half the present rate. It is also proposed that future payments should be guaranteed by the World Bank, in return for which Argentina will push through its programme of structural reforms at all costs.

The proposal has failed to stir any enthusiasm however, either with the foreign banks or with the domestic opposition.

The ability of President Alfonsin's Government to pnsh through the promised reforms is also open to question given the elections in 1989.

Quite simply, Argentina lacks the resources to continue servicing its debt on the present terms, and its creditors are more reluctant than ever to contioue providing new money. The parting of the ways may well be in sight – and once again it may be the US that will have to step in to postpone the inevitable.

Mexico will resume talks with its creditors at the end of June or early July on a new scheme to reduce its $100bn foreign debt, tha Finance Ministry said, Renter reports from Mexico City.

It said Finance Minister Gustavo Petricioli discussed new talks during meetings in Washington this week with US financial anthoritias and senior officials of the multilateral lending agencies.

The ministry statement said a number of factors required further study and contacts would be renewed after the Group of Seven summit of major industrialised nations next week.

In February, Mexico held an anction in which commercial bank creditors were invited to tender in old debt for new 20-year bonds issued by the government with a higher interest rate.

The scheme attracted $3.67bn in bids, resulting in a net reduction in Mexico's debt of $1.1bn.

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OVERSEAS NEWS

Unsolved problems belie confident mood

Philip Stephens looks at the issues the economic summit must tackle

MR NIGEL LAWSON, Britain's Chancellor, summed up the mood. No one following the 14th world economic summit which opens in Toronto tomorrow should expect it to be one of the more eventful of these annual gatherings because "the world economy is in such good shape".

It is a sentiment that has been heard over the past few days in each of the capitals of the seven countries which will be represented at the summit. After spending much of the past two years or so in beleaguered fear of the financial markets, the leaders of the US, Japan, West Germany, France, Britain, Canada and Italy feel it is time to present a more confident mood.

The ease with which the world economy has shrugged off the impact of last autumn's stock market crash, a visible improvement in the US trade deficit, and the relative tranquility of the markets in recent months provide the basis for such optimism. The latest forecasts from the main international organisations suggest the growth in the main industrial economies will be a relatively robust 3 per cent in 1988.

Even that looks to be on the low side and many expect the next projections from the International Monetary Fund to point to a rate of 3¼ to 3½ per cent. Against the background of still-high unemployment in most countries, those growth rates are far from spectacular. But they are significantly better than the 2 or 2½ per cent generally expected only a few months ago. Similarly, the narrowing in the US trade deficit in March and April and the parallel stability of financial markets are hardly sufficient cause for euphoria. They have dispelled, however, some of the gloomier predictions that October's crash was just the beginning.

For the seven in Toronto the first priority is to ensure that this relative calm prevails for the next few months. They are not quite as confident as they appear in public. As the Bank for International Settlements (BIS) said in its annual report this week, most of the major problems for economic policy in evidence before last autumn "are still awaiting solution". The US trade deficit and the surpluses in Japan and West Germany are narrowing, but the domestic policies in place in those countries are still insufficient to reduce the imbalances to sustainable levels.

Relatively buoyant growth in the US is slowing the adjustment process and rekindling fears of an upsurge in inflation. West Germany, as the BIS remarks, appears caught in a "growth trap", while Japan's buoyant growth rate is translating into only a relatively small reduction in its surplus.

The problem for governments is that new policy initiatives, and in particular further reductions in the US budget deficit, are ruled out ahead of the US presidential elections in November. Present official strategy therefore represents essentially a holding operation. The key objectives are to persuade the markets that the trade imbalances will continue to shrink, that policy co-ordination among the seven has strengthened and, above all, that there is no reason for the dollar to fall further.

The latter perception is of overriding importance if foreign investors are to continue financing the US deficit. Central banks are not prepared to repeat last year's massive intervention. At the same time it is widely agreed

TORONTO SUMMIT

that a precipitate fall in the dollar's value could push the US economy into inflationary overheating. If official tactics are clear, their success is far from assured. As the BIS remarks, "a world dominated by high-speed capital mobility is also one governed by expectations."

Pessimists will remember the striking resemblance between the present situation and the summer of 1987, when the markets were swept by a wave of optimism similar to that seen in recent months. The unease over the past few days about the possibility of rising interest rates, particularly in West Germany, reinforces the sense of *déjà vu*.

In those circumstances governments have to offer more than simply a joint commitment to support the dollar. They have to generate confidence that the fiscal policy changes needed to ensure further adjustment will eventually be delivered.

A deliberate shift in focus at the three-day summit towards discussion of a range of micro-economic issues from trade policies and agricultural subsidies to tax reform, deregulation and privatisation has much to recommend it in the abstract. The finance ministers of the seven are expected to agree that these issues should be brought within the scope of their regular policy co-ordination exercises to complement co-operation on macroeconomic policies.

The summit might also give a gentle and much-needed push to the current Uruguay Round negotiations in Geneva on trade policies and farm subsidies. Canada, as host to the summit, is determined that it should offer some hope of significant progress at the Round's mid-term review in Montreal in December.

Whether good intentions on such issues will fill the gap, at least for the next few months, left by inaction in macro-economic policies must, however, be open to question. As one senior official attending the summit commented earlier this week: "The form of co-operation is not enough. At some stage we have to deliver more substance."

US nears deal with Japan on beef and citrus quotas

BY NANCY DUNNE IN WASHINGTON

MR CLAYTON YEUTTER, the US Trade Representative, flew to Japan yesterday, hoping to wrap up a final agreement on the long-standing US struggle with Japan over Tokyo's beef and citrus quotas.

In a briefing on Thursday, Mr Yeutter said he would go to Tokyo only if "we have a settlement in sight." The United States delegation negotiating in Japan was at that point, he said, "pessimistic".

Mr Yeutter is to hold negotiations with Mr Takashi Sato, the Agriculture Minister, tomorrow. Mr Yeutter's staff said agreement must be reached by noon on Monday. He is scheduled to attend a meeting of trade ministers from Japan, Canada and the EC in Minnesota from Wednesday to Friday.

The Administration once insisted on an immediate end to limits on beef and citrus. However, officials badly want a settlement for the November elections in states where trade – particularly agricultural trade – is an issue.

So the Administration has softened its line, with US officials suddenly becoming sympathetic to Tokyo's political difficulties in liberalising beef and citrus imports. A negotiated phase-out is now the goal.

The shape of the final agreement is still obscure. A spokesman for the Trade Representative said an agreement encompassing some quotas and some higher duties may be possible.

The US wants a three-year phase-out of quotas and a near doubling of the beef quotas to between 500,000 and 600,000 tonnes a year. In Tokyo, the Japanese reportedly want lower ceilings, a doubling of the current tariff on beef and citrus when import levels rise uncomfortably high, and the right to impose emergency controls at certain levels.

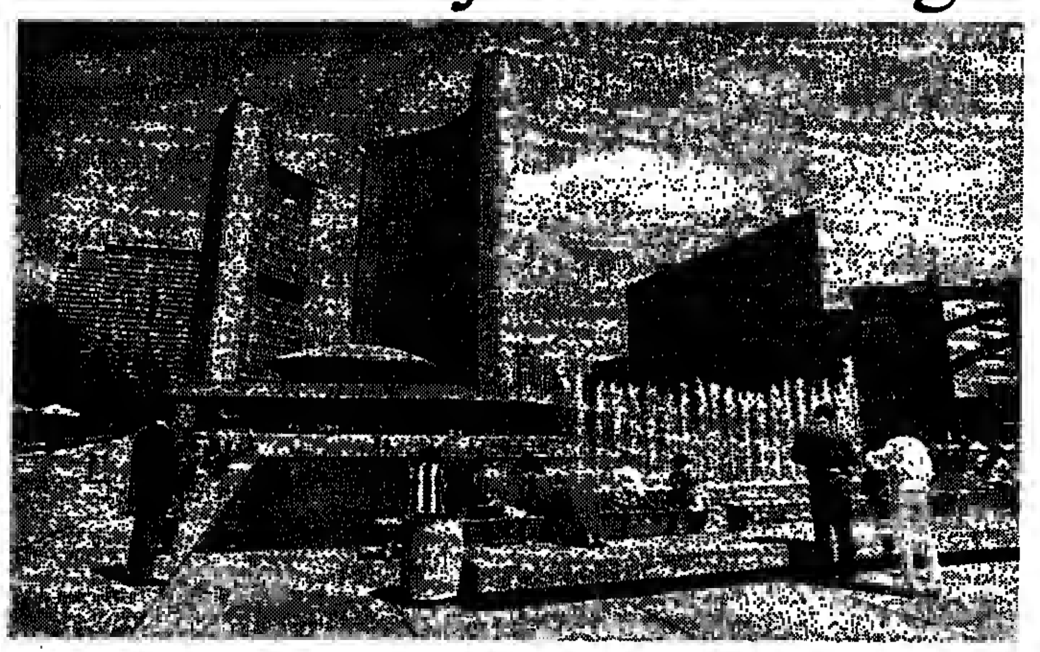
American exporters have fared quite well under Japanese quotas. Between 1983 and 1987 the US beef quotas increased by 6,900 tonnes every year to 58,700 in the last fiscal year.

In fact, some experts believe total liberalisation would be less beneficial to United States producers than to their lower-cost competitors, such as Brazilian citrus growers.

However, Administration officials continue to maintain that the quotas cost the American exporters $1.5bn in lost beef sales and about $150m in lost sales of citrus products.

The summiteers gather in a city much changed in recent years, reports **David Owen**

Booty before beauty in booming Toronto



Terry Kirk

City of peace and order: citizens enjoy the June sunshine outside Toronto's new City Hall

"IT MUST be good to die in Toronto," speculated Leopold Infeld, the Polish physicist, in 1941. "The transition between life and death would be continuous, painless and scarcely noticeable."

When Infeld made these remarks, Toronto the Good was nearing the end of more than 100 years of Orange Lodge hegemony. The legalisation of Sunday games playing in the city's parks was only nine years away. The election of Nathan "Nate" Phillips, Toronto's first Jewish mayor, was only 14 years distant.

Today, as leaders of the seven leading industrialised powers prepare to gather in the city for their annual economic summit, Toronto's metamorphosis from a staid repository of Presbyterianism into a cosmopolitan commercial centre of some standing is all but complete. No longer do visitors risk being killed, as Samuel Butler maintained "by bad cooking and *ennui*". No longer is Toronto, as Wyndham Lewis observed, "probably not a good place to be an intellectual in".

Perhaps the most potent force behind this transformation is the sustained flow of immigrants from places other than the British Isles which has descended on the city since the end of the Second World War.

In the 30 years to 1981, the proportion of Toronto citizens claiming British ancestry fell from more than two-thirds to about 50 per cent. Over the same period, the number of Roman Catholics doubled from 20 to 40 per cent. The city's vibrant Chinatown is now one of North America's biggest.

This influx has contributed hugely to Toronto's newfound vitality and increased prosperity. A handful of first-generation immigrants now number among southern Ontario's best-known and wealthiest business figures.

They include Mr Frank Stronach, flamboyant founder of Magna International, the innovative car parts concern, Mr Michael DeGroote of Laidlaw Transportation and the secretive Reichmann brothers, whose far-reaching property and resource fiefdom includes Gulf Canada, Abitibi-Price and a big stake in London's Canary Wharf redevelopment project.

The city's population of about 3.5m has been further swelled by migration from the boom-bust, typically resource-oriented economies of the rest of Canada.

Since it assumed the mantle of Canada's foremost business and financial centre from predominantly French-speaking Montreal about a decade ago, Toronto has acted as a magnet for Canadians as well as foreigners. Ontario attracted 90,000 residents from other provinces (on a net basis) between 1981 and 1986.

The main drawback of this variegated invasion is that the city is palpably bursting at the seams. Between 50,000 and 65,000 homeless people are wandering its streets this summer, house prices have surged London-style and the market for office space is the tightest in North America.

Traffic congestion on the dreary Gardiner Expressway is increasingly acute.

Quite exceptionally, the comprehensive redrafting of the city's demographics has taken place against a backdrop of virtually uninterrupted civic peace and harmony. Toronto has contrived to avoid the worst of the violence, deprivation and racial tension which have plagued so many other fast-growing urban agglomerations. Violent crime occurs at about half the rate of comparable US cities.

The metropolis remains essentially safe, efficient and slum-free, leaving the bulk of its well-heeled citizens at leisure to ponder lesser concerns, such as the property market, encroaching racoon tables and whether or not to turn Yonge and Bay – the city's main north-south thoroughfares – into one-way streets.

Part of the credit for this relative freedom from most latter-day urban scourges must go to Canada's generous (if costly) social programmes. The uniformly high standard of rudimentary city services has also played a role. Copious trams and buses complement an excellent subway service. Household rubbish is collected three times a week.

But the transition from parochial backwater to relatively sophisticated multicultural melting pot would certainly not have been accomplished so smoothly without the new wealth created by southern *Ontario's* robust and fast-growing local economy.

Expansion has never been faster than at present. More than C$6bn (£2.71bn) was spent on construction in metropolitan Toronto in 1986 – a 41 per cent increase from a year earlier. Retail sales rose 12 per cent during the same period to more than C$20bn. The regional power utility Ontario Hydro reports that electricity consumption during the first quarter of this year was up a startling 9 per cent from 1987 levels.

Significantly too, unemployment – at below 4 per cent – stands at its lowest for 20 years. Indeed, the high cost of rented or owner-occupied accommodation in the city has precipitated a labour shortage for positions at the bottom of the wage-scale.

Two factors above all have contributed to the recent economic success of Ontario's so-called Golden Horseshoe (between the steel town of Hamilton to the west and Oshawa to the east). The first is its proximity to the vast, dynamic US market, which consumes almost 90 per cent of the province's exports. The second has been the consistently weak performance (until recently) of the Canadian dollar, which has traded at a substantial discount to its US cousin in recent years.

This, for example, has facilitated Ontario's ability to attract motor industry investment. The largest car plant in North America is no longer in Detroit but in homely Oshawa. The motor industry now directly contributes close to 20 per cent of Ontario's industrial output.

Of late, however, the strong possibility of an economic downturn has been causing a crease or two in the sartorially elegant brow of Mr David Peterson, the provincial premier. Mr Peterson, a Liberal, has turned Ontario's political establishment inside out since taking office in 1985 at the head of a minority government. That election ended 42 years of unbroken Conservative rule in the province. The next one, held in September 1987, brought the silver-haired, 44-year-old politician a landslide and the Liberal party its first majority government in Ontario for half a century.

The first symptom of possible problems ahead has taken the form of a shakeout in the Bay Street financial district. In the two quarters following the October stock market crash, Toronto Stock Exchange-member broker-dealer firms have lost almost C$117m and shed nearly 1,300 jobs.

Further problems may follow due to looming motor industry overcapacity in North America and some of the consequences of the US-Canada free trade agreement, which Mr Peterson opposes.

If any province is to be a net loser from the present free trade proposals, it will be industrialised Ontario, which has more than its fair share of the inefficient small-scale processed food and consumer-product manufacturing plants which have traditionally been shielded by trade barriers from direct US competition. This is despite the considerable benefits which the province has reaped since 1965 from essentially unencumbered bilateral trade in the automotive sector.

For the moment, though, Toronto's publicists have an impressive economic success story to tell and a great deal of other ammunition with which to press the city's claims to be the venue for the 1996 Olympics.

Unfortunately, urban charm is not among these attributes. The development boom which has proceeded hand in hand with the city's economic growth, has succeeded in burying the distinctive rooftop patina of distinguished old buildings such as the Royal York Hotel and the original city hall beneath an amorphous clump of extraordinarily anonymous high-rise office towers (the ethereal Royal Bank building honorably excepted).

However high the standards of comfort and organisational efficiency, scenic splendour is not a department in which delegates should expect the 1988 summit to rival last year's event in Venice.

Libyans disagree on Tunisia

By Francis Ghiles in Tunis

A STATE visit to Libya by Tunisian President Zine El Abidine Ben Ali due this week has been delayed by disagreements within the Libyan leadership about how far the two countries should co-operate on a broad range of economic ventures.

The planned visit would be the first by a Tunisian head of state to his maverick southern neighbour since both countries achieved independence more than 30 years ago, and would set the seal on the rapprochement between them since former Tunisian President Habib Bourguiba lost power last November.

Its postponement will not affect the free flow of Libyans who have been visiting Tunisia since frontiers reopened this year. Two hundred thousand Libyans have already spent $300m (£110m), a godsend to the Tunisian economy in a year which has witnessed the worst drought and plague of locusts since independence.

According to senior officials in Tunis, Libyan leader Col Muammer Gadaffi is in favour of several joint ventures, the key one being a joint exploration for oil on the continental shelf between the two countries.

Tunisia, which on present forecasts will no longer be self-sufficient in oil by the early 1990s, has suggested that joint exploitation of the shelf could be undertaken, with Tunisia receiving a minority stake in production.

Tunisia has also suggested helping with the development of big agricultural projects in eastern Libya, which are to be fed with water from the great "man-made river" project, constructing a new road between the Tunisian town of Sfax and the Libyan frontier, linking the two countries' electricity grids and building a large hospital in Tripoli.

Opposition to these projects is centred around a group led by Libya's former Minister of Foreign Affairs, Major Abdessalam Jalloud. Libyan technocrats, however, favour them.

President Ben Ali is a patient man. He knows thet the livelihood of Tunisia's poor south is heavily dependent on Libyan money. He also appears to have established good personal relations with Col Gadaffi.

Co-operation between the two countries as well as the broader theme of a more united Maghreb – which appears to have been brought closer by the recent reconciliation between Algeria and Morocco – are key objectives for the Libyan leader. The Tunisian President is keen to build on such feelings but remains convinced that co-operation and unity will only develop if based on projects of mutual interest.

Europe's aluminium demand 'set to grow'

BY KENNETH GOODING, MINING CORRESPONDENT, IN BRUSSELS

ALUMINIUM demand in Western Europe this year is expected to exceed the 1987 record and the additional metal will be obtainable only through a substantial increase in imports, Mr Theodor Tschopp, chairman of the European Aluminium Association, said yesterday.

He reported that European consumption of primary aluminium reached 4.1m tonnes last year, 600,000 tonnes more than production in the region. The demand was satisfied partly by running down stocks to the tune of 170,000 tonnes, leaving net imports of 430,000 tonnes.

The association believed demand would grow by another 1.5 per cent to 2 per cent in 1988, he said. Stocks were down to only 40 days and could not be cut further, so imports could be expected to rise by more than half compared with last year, to 650,000 tonnes.

Mr Tschopp said that in the longer term there were no plans to increase European primary aluminium capacity significantly because it was more efficient for the region to provide about 80 per cent of its own needs and use imports to even out the peaks and troughs in demand.

He admitted that another 5 to 10 per cent fall in the value of the dollar, the currency in which aluminium is priced, would put severe pressure on some European smelters, which already have some of the highest costs in the world.

However Mr Jochen Schirner, the association's vice chairman, said he did not expect substantial capacity closures.

The cost of energy was still an important factor for the aluminium industry. But as the European Community moved towards more effective harmonisation by 1992, and as European Free Trade Association countries also became more closely linked with the EC, so cheap energy, in particular from nuclear sources, would flow from one country to another, he said.

S Korea's Chief Justice quits after judges protest

BY MAGGIE FORD IN SEOUL

THE CHIEF Justice of the South Korean Supreme Court resigned yesterday following a demand by more than 300 junior judges for his removal to help restore public confidence in the legal system.

Opposition parties had also called for the replacement of Judge Kim Yong-Chul, who was appointed by former President Chun Doo Hwan in 1986.

The Supreme Court has been criticised for making rulings favouring the former authoritarian regime of President Chun Doo Hwan, ignoring human rights and undermining public trust in its impartiality.

Mr Kim said yesterday he was resigning in the hope that he could contribute to judicial development.

Ruling Democratic Justice Party officials said the extent of the judges' protest meant the Government would have had to respond.

A replacement is to be submitted to the National Assembly for approval.

Earlier this week professional staff at the Bank of Korea, the central bank, issued a statement describing the independence of the bank from control by the Ministry of Finance as the key to the democratisation of the banking industry.

Academics at government-funded think tanks and artistic and scientific academies are also demanding the freedom to pursue their research without government control.

John Wyles on the problems posed by a rebel French archbishop

Pope faces schism on the right

"THANKS to the Second Vatican Council, young people do not know any other Madonna than the one who sings at pop concerts."

Pope John Paul II would not associate himself with such criticism of tha fount of recent reforms in the Catholic Church, but his own laments on modern materialism and godlessness strike the same tone as this bitter broadside from one of the young men being trained for the priesthood by the rebel French Archbishop Marcel Lefebvre.

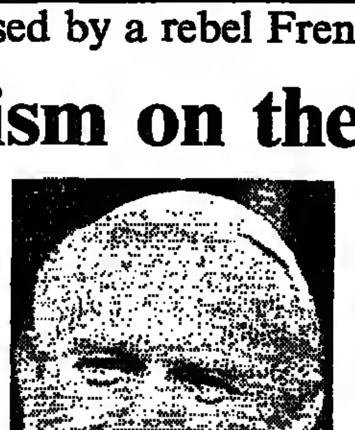
Nevertheless, this essentially conservative Pope is now on a collision course heading for a formal schism because the 83-year-old ultra-conservative former missionary remains defiantly determined to ordain four bishops of his own choosing on June 30.

The Vatican said this week that the Pontiff had warned Lefebvre that the ordination would be a "schismatic act" which under the Church's laws would lead to an immediate formal excommunication – the first such schism since 1870.

Some observers see a schism as the almost inevitable culmination of the long battle since Archbishop Lefebvre first raised his flag of revolt in 1970, complaining that the Church had been infected by Marxism, Protestantism and even freemasonry. He created his own seminary at Econe in Switzerland, refused to abandon the Latin mass and despite prohibitions from the Vatican has continued to conduct his own ordinations of priests. In 1976 he was suspended "a divinis", which meant he could no longer function legitimately as a bishop.

He has nevertheless found like-minded followers around the world and shortly after his election, Pope John Paul II began trying to build bridges of reconciliation with him. He decided to press on even after Lefebvre announced in February that he would ordain four bishops, and after subsequent talks with the Vatican a protocol of understanding was signed on May 5.

While offering some concessions on the use of parts of the old Latin liturgy, the Pope continued to insist that bishops should be ordained according to traditional Church practices, which meant that the archbishop could nominate but that the appointment must be confirmed by the Vatican. The Pope offered to allow one nominee from inside Lefebvre's "Priestly Confraternity of Pius X" to be ordained on August 15 at the end of the present Year of Mary.



Pope John Paul II: offered concessions on liturgy

The French archbishop responded with a letter on June 2 repeating his previous affirmations that the Vatican Council was guilty of "false ecumenicism which is leading the Church to ruin and Catholics to apostasy." He added that he would stay loyal to "the traditional disciplines of the Church" concerning the training of priests and the religious life. Lefebvre venerates as "the last truly Catholic Pope" Pius X, who was Pontiff between 1903 and 1914 and was the scourge of Catholic modernists.

Pope John Paul II has promised Lefebvre's seminarians thet they would be guaranteed full communion with the Catholic Church providing they ceased to follow him. He also seems to command some respect at Econe. The Italian newspaper La Stampa yesterday quoted one young seminarian's view that "this Pope is more subtle, more sophisticated, more dangerous than Paul VI: at least with his predecessor you knew that he wanted to destroy the Church."

Anglo-Irish talks plan to trace IRA weapons supplies

BY KIERAN COOKE, DUBLIN CORRESPONDENT

BRITISH and Irish officials expressed concern about the recent upsurge in IRA violence at a meeting of the Anglo-Irish conference in Belfast yesterday. They pledged to do everything they could to track down IRA arms supplies, much of which are believed to have come from Libya.

Mr Tom King, the UK's Northern Ireland Secretary, said the security forces of Northern Ireland and the Irish Republic faced "an uphill struggle" to find IRA arms shipped from Libya over the past two years.

He said: "There's no doubt that the IRA has been very successful at concealment." Earlier this week, six British soldiers were killed by the IRA in a bomb explosion in the army HQ town of Lisburn.

Police now believe that the explosive used by the IRA was the Czech-made Semtex material shipped from Libya. Considerable quantities of Semtex, along with a huge amount of arms and ammunition, was found aboard the trawler Eksund while it was bound from Libya to the IRA in Ireland last year.

British and Irish officials believe that, in spite of significant arms finds, several other shipments of arms got through.

"It is vital to recover the sources of violence which are on the island of Ireland," said Mr King. He said the IRA had shown its intention to intensify the campaign.

The Irish Government was represented at the Belfast meeting by Mr Gerry Collins, the Irish Minister of Justice, and Mr Ray Burke, the Minister of Energy.

Mr King said both sides had agreed that there must be effective extradition measures between Ireland and Britain so that no terrorist could escape. Earlier this week, an Irish district justice turned down a British extradition request for Mr Patrick McVeigh, wanted in connection with a series of IRA London bombings in the early 1980s.

The Northern Ireland Secretary said both sides had agreed that the judgment had been a setback and added that the Irish Government had shown its determination to address the issue by announcing its intention to appeal against the decision.

Attack on British Library photocopies

BY RAYMOND SNODDY

THE BRITISH Library came under fierce attack yesterday from the International Publishers Association for distributing photocopies of articles from learned journals around the world at minimal cost.

Mr Alexander Hoffman, chairman of the IPA's copyright committee, accused the library of carrying out "statutory legitimatised piracy" from its Document Supply Centre at Boston Spa in Yorkshire.

The centre has 300m articles on file, three quarters of them scientific and technical, and uses 70 photocopying machines to distribute 1.5m photocopies a year around the world in answer to requests.

The IPA, at the final session of its London conference yesterday, passed a resolution expressing great concern about the activities of the Document Supply Centre. It accused it of "making and distributing worldwide to commercial organisations and other entities massive quantities of photocopies of copyrighted works without authority of or compensation to copyright owners."

Mr Clive Bradley, director of the Publishers Association in Britain, said yesterday that because of the numbers involved "it is increasingly becoming the main method of accessing journals."

US publishers are particularly annoyed at the document centre.

Under the existing copyright law, it is entirely legal to supply a single copy of a journal article for scientific purposes or study.

Mr David Ruffon, director general for science and technology at the Document Supply Centre, said yesterday the centre paid publishers £4m a year for material including 50,000 journal titles.

He said: "We don't regard ourselves as a threat to publishers. Libraries are going to buy material they need and come to us for items they don't have available."

BBC's deputy director general gives up news role

BY RAYMOND SNODDY

MR JOHN BIRT, number two at the BBC, is to give up the day-to-day management of the corporation's news and current affairs to concentrate on his role as deputy director general.

Mr Birt, who joined the BBC from London Weekend Television, has been combining jobs.

Mr Ron Neil, deputy director of the news and current affairs directorate, which employs 700 people and has an annual budget of £70m, was named yesterday as its new director. He will have full responsibility for the management of network news and current affairs, but Mr Birt will continue to oversee network, regional and local journalism.

Mr Ian Hargreaves, managing editor of news and current affairs, will become controller of news and current affairs and Mr Eric Bowman will become assistant director.

Mr Birt said yesterday that the blueprint for the future of BBC network news had now been agreed, with more resources going into new programmes and an increase in foreign bureaux.

He said: "This task now calls for a full-time director of news and current affairs."

Shah resumes tabloid plan

BY RAYMOND SNODDY

MR EDDIE SHAH, founder of the Today newspaper, has reinstated plans to launch a national tabloid newspaper based in Warrington called The Post in the autumn.

In March, the chairman of Messenger Group Newspapers said he was abandoning his plans, after changes in the Budget that imposed a £500,000 limit on Business Expansion Scheme funds.

However, Mr Shah has now decided to go ahead with the project, using cheap desktop publishing techniques.

The new daily will provide Mr Shah with a news source that will assist his attempts to enter the satellite news market. He is one of the applicants for a contract, worth about £30 over three years, to provide eight hours of news a day for British Satellite Broadcasting.

GM plans Merseyside electronics facility

Kevin Done, Motor Industry Correspondent, in Detroit

GENERAL MOTORS of the US, the world's leading automotive group, is to establish its European facility for producing engine control computers at Kirkby near Liverpool.

The project is part of an £8.5m expansion of GM's UK-based Delco Electronics automotive components plant. Some £2.5m of the total investment is to be provided in grant aid by the UK Government.

The move comes only months after the controversial abandonment by Ford, GM's main domestic US rival, of its plans to build a £40m plant in Dundee to produce the electronic control modules (ECMs) which function as on-vehicle computers for engine management.

The GM investment will be made over the next three years at the Kirkby plant. The company plans to establish a production facility for the engine control computers and to provide new equipment for car instrument panels. It will create 30 jobs.

GM currently sells around 350,000 ECMs in Europe to Opel, its West German subsidiary, and to Fiat in Italy. It also supplies its Far East affiliates Isuzu in Japan, Daewoo in South Korea and Holden in Australia with around 350,000 ECMs in addition to domestic US output of 5m to 6m units a year.

The modules are supplied from a plant in Singapore, but as part of its strategy for increasing its penetration of global automotive markets GM now wants to establish production in the UK to gain closer access to other European car makers.

The company expects to open the Kirkby facility in 1990 with an initial production of 350,000 units a year, doubling in five years as European motor manufacturers react to tighter emissions regulations.

Initially, it is spending about £2.6m on engine control computer production.

The plant will produce both modules combining electronic control of fuel injection and ignition timing as well as for ignition timing alone.

Mr Donald Almquist, vice president and general manager, said the Kirkby project was a key factor in Delco Electronics' long-range strategy to expand its operations as a producer of automotive electronics for customers worldwide.

The Kirkby plant currently produces mainly vehicle instrumentation and display components for car makers in Europe and North America. Another important part of the planned investment is for the production of instrument clusters for dashboard displays for export to North America.

New equipment is needed to raise the technological level of the Kirkby production facilities to meet worldwide competition for these electro-mechanical instruments.

Barlow Clowes information team established

By Raymond Hughes, Law Courts Correspondent

THE LAW SOCIETY, the solicitors' professional body, has set up an information co-ordination team to deal with inquiries about the Barlow Clowes affair.

The society said yesterday that since the collapse of Barlow Clowes, it had received a number of calls for advice and assistance from solicitors and worried investors.

The team is preparing an information pack, which will be available next week, to help solicitors advising investors. The Law Society is also keeping a list of solicitors instructed by investors, to facilitate co-ordination

Richard Waters on the Revenue's call for more cash from insurers

Uncertainties over life and taxes

THE MESSAGE for life assurance companies from yesterday's consultative paper from the Inland Revenue is straightforward: they should be paying more tax.

But the message for the holders of the 90m life policies in existence in this country looks rather less clear-cut. On the one hand, the Revenue claims that they are suffering an undue capital gains tax burden. If the investments represented by their policies were taxed each year in their own hands, most would fall below the CGT threshold.

On the other hand, any increase in the taxes paid by life companies themselves would sooner or later hit the bonuses paid to policyholders. Either way, there is very little good news.

The Government's case against life companies is based on the fact that their tax bills have declined as their business has grown. The tax provided for in companies' accounts in 1986 was only around 4 per cent of their investment income and capital gains, compared with 12 per cent at the end of the 1960s.

After analysing companies that account for 25 per cent of all UK life funds, the Revenue claims that a quarter of these pay no more tax than they would if returns to policyholders had been disregarded altogether. Some actually pay no tax at all.

That happy outcome has been achieved by the way that a life company's tax is calculated. It is paid on a fund's investment income, less all expenses incurred during the year. When life companies expand, the commissions paid to get new business, together with reserves set up in case of death, often wipe out taxable income altogether. Thus, as long as a company is growing, profits can be put off indefinitely.

A second reason for the low level of tax paid is that companies have been able to shelter their capital gains. As long as benefits are paid out of investment income and money coming in from new investors, there is no need ever to realise capital gains, and so pay tax.

Those anomalies are the result of a tax system introduced in 1923, when life assurance policies were designed to provide protection rather than an investment medium.

It is generally accepted that the industry has moved far from its traditional base, with no corresponding change in the tax regime. Unit trust managers and others argue that, as a result, life companies enjoy tax benefits that give their products an unfair competitive edge.

Three broad strategies for reform are presented in the paper. Last night industry experts, while still digesting the full implications of the proposals, suggested that the third one was most likely to win the day.

The first proposal is to tax policyholders directly each year on the income and capital gains of their investment. That could not be applied to life policies that have no investment element.

Life companies would have to estimate the income attributable to each policy, and policyholders would have to include details in their tax return.

The result would be an administrative nightmare. It would also give rise to tax liabilities each year, even though the benefit of a policy would be realised only on maturity. Such a system would therefore force a complete overhaul of life products to allow policyholders to withdraw money each year to fund their tax bill.

The disadvantages are so great as to rule out the proposal, life companies said yesterday.

The second proposal is for a completely new tax regime which would tax companies on the change in their reserves each year. Such reserves, which are based on actuarial assumptions of future liabilities, reflect the change in a company's financial position during the year under review and so are the best indicator of its performance.

However, life companies argued yesterday that such a radical change in recognising profits for tax purposes would present an upheaval in the tax system without solving the many problems under the current regime.

The third proposal is to keep the current system, but to restrict the extent to which expenses incurred in any one year can be set against income. Also, the ability to defer capital gains indefinitely would be restricted. However, no firm proposals are advanced, making it impossible to assess the impact.

Cash aid to help house homeless

By Andrew Taylor

THE Government is to provide local authorities with an extra £24.1m to help reduce homelessness and to improve privately owned homes in poor areas.

Mr Nicholas Ridley, Environment Secretary, told the Institute of Housing annual conference in Harrogate that £21.1m would be used by councils to improve empty properties to house the homeless.

The remaining £3m would be available to improve poor-quality private housing.

Mr Ridley said every effort must be made to get large numbers of empty council properties back into use. He said: "This will make a total of over £74m additional resources we have provided since December to help the homeless."

The extra money was available because of a bigger rise than expected in local authority receipts from the sale of council houses, land and other assets.

The Association of Metropolitan Authorities, responding to Mr Ridley, said the Government had removed £700m in extra capital from local authorities because of an Environment Department miscalculation. In its place, it was making sporadic announcements about piecemeal sums which would not resolve the housing crisis.

Reform of the "indiscriminate" system of mortgage tax relief for house buyers was called for yesterday by Mr Michael Heseltine, the former Conservative cabinet minister, writes John Hunt.

He told the annual conference of the Royal Town Planning Institute in Cardiff that there had to be a shift in housing subsidy to help the young first-time buyer.

Mortgage tax relief had to be phased so that the money saved could also be used to assist tenants in the rented sector which the Government wants to expand under the proposals in its Housing Bill. Some of the savings could also be shifted towards urban renewal.

Mr Heseltine also called for an English development agency which would be an essential means of attracting people away from the overcrowded south-east

Commons business row set to continue

BY TOM LYNCH

THE TENSION between the Government and opposition over the conduct of Commons business looks set to continue into next week, with possible disruption of the timetable for debates on legislation.

The acrimony between the business managers on both sides surfaced dramatically after Tuesday's all-night sitting on the Housing Bill. Mr John Wakeham, Leader of the House, denied Labour charges that he had threatened to deny them the "Short money" – funds provided by Parliament to help opposition parties to function.

The row continued into the early hours of yesterday, when the Government had to abandon business on the Criminal Justice Bill after only six out of 71 groups of amendments had been dealt with in seven hours. The House eventually rose at 4.21am.

The bill is due to complete its Commons stages on Monday, but the Government may adjourn debate to another day if sufficient progress is not made by the late evening.

For Labour, there is no incentive to sit through Monday night and talk out Tuesday's business, because the debate on the order enabling payment of the "Short money" has been scheduled for that day.

The proposal is to boost the sum available to Labour from £490,000 to £839,000 a year and the Government may have to use its payroll vote to overcome moves by Tory backbenchers to reduce that amount.

Kensington by-election set for July

By Peter Riddell, Political Editor

THE parliamentary by-election in Kensington, London, is likely to be held in mid-July after the selection of Mr Dudley Fishburn, a 42-year-old journalist on The Economist, as the Conservative Party candidate.

Mr David Waddington, the Government Chief Whip, is expected to move the writ for the contest in the Commons next week.

The vacancy has been created by the death last month of Sir Brandon Rhys Williams, who retained the seat for the Conservatives at the last General Election with a 4,447 majority over Labour.

High Court disallows asbestosis claims

FINANCIAL TIMES REPORTER

A GROUP of 205 Americans, claiming to be victims of asbestosis, has failed in an attempt to enforce in England damages awards against Cape Industries totalling $15.645m made by a Texas federal judge.

A High Court judge said yesterday that the awards, made in 1983, had been made in circumstances which in English courts would have been unfair. There had been no evidence before the Texas judge of any injury to individual plaintiffs.

The awards were "arbitrary" and should not be enforced by an English court, Mr Justice Scott said.

Dealings in Cape's shares had been suspended on the Stock Exchange yesterday morning at the company's request pending the judgment.

Mr Jeffrey Herbert, Cape's chairman, who was in court for the three-hour judgment, said afterwards that they would now be able to get on with running their business.

Mr Justice Scott said that the plaintiffs had worked at or lived near an asbestos factory in Owentown, Texas, which was closed in 1972. It had been a large customer for asbestos mined by Cape subsidiaries in South Africa.

Mr Peter Summerfield, of Oppenheimers, solicitor for the US plaintiffs, said he would be consulting them and the US Government about the possibility of an appeal.

The claimants had agreed to drop claims against the US Government, which had supplied asbestos to the Owentown plant, in return for US Government finance for the English proceedings.

An earlier action against Cape Industries and other defendants by more than 400 claimants had been settled in the same Texas court in 1977 for a total of $20m, of which Cape had agreed to contribute $5.2m.

In 1983, the present claimants had obtained a default judgment from the Texas judge. Cape having decided to take no part in the action.

Tin council creditor may recover money

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MACLAINE WATSON, a London Metal Exchange trader, is poised to become the first creditor to wring money from the insolvent International Tin Council.

On an unopposed application, a High Court judge yesterday granted Maclaine Watson an order that should soon result in it obtaining £137,310 from the council. Maclaine Watson is owed £6m plus interest of nearly £1.5m.

Mr Justice Peter Gibson made a garnishee order nisi in respect of the sum, held by the council's solicitor Cameron Markby for the benefit of the council's buffer stock account. The effect of the order was to secure the money for Maclaine Watson's benefit.

On July 8, the court will be asked to make the order absolute, whereupon Maclaine Watson will get the money.

The judge said that Maclaine Watson, a judgment creditor of the council, the total indebtedness of which is estimated at about £900m, was antitled to the order because there was no prospect of an evenhanded distribution of ITC assets among all its creditors.

Factories' output at highest level since 1974

By Ralph Atkins

BRITISH manufacturing output in April rose to the highest level since August 1974, according to official figures published yesterday.

The Central Statistical Office's (CSO) index of manufacturing output rose nearly 2 per cent in April after seasonal adjustment.

The CSO said it had revised its estimate of the underlying manufacturing growth rate up to 5 per cent a year from 4½ per cent in March.

The high level of growth highlights the buoyancy of the British economy. However, government statisticians believe the underlying rate of growth has slowed after peaks of up to 6¼ per cent towards the end of last year.

The April rise follows apparently erratic movements in the first quarter of 1988, which suggested manufacturing output growth might have slowed considerably.

The CSO said yesterday the figures might have been distorted partly by industrial disputes and by difficulties in calculating seasonal adjustments.

In the three months to April, the level of manufacturing output was 0.2 per cent lower than the previous three months but 5.1 per cent higher than the same period last year.

A large part of April's rise is explained by an exceptional 8.6 per cent increase in output in the electrical engineering sector, which includes computing. There was also a big rise in mechanical engineering, but growth in other sectors was mostly modest with some falls.

The output of all production industries, including energy, in the three months to April was 0.5 per cent lower than the previous three months but 2.5 per cent higher than the same period a year before.

Output in the energy sector rose slightly in April but the trend was still downwards. In the three months to April, output was 3.7 per cent below that in the same period a year before, although CSO statisticians believe the underlying rate of decline is nearer 2 per cent a year.

The seasonally adjusted index of manufacturing output stood at 114.8 (1980=100) in April against 112.8 in March. The index of energy output was at 120.6 compared with 119.6, while the index for all production industries stood at 116.3 against 114.6.

Palumbo public inquiry ends

By Paul Cheeseright, Property Correspondent

THE PUBLIC inquiry into Mr Peter Palumbo's plans for offices at Mansion House Square in the City of London's conservation area ended yesterday.

Mr Palumbo, the City property owner, is seeking to overturn a refusal by the City Corporation's planning committee to grant planning permission.

The inquiry heard arguments as to whether the designs by architect James Stirling would be a fitting replacement for the 19th-century buildings on the site.

The hearing was conducted by Mr Brian Bagot, who will make recommendations to Mr Nicholas Ridley, the Environment Secretary, on whether the City Corporation decision should be upheld. Mr Ridley will make the final decision, probably next year.

Alice Rawsthorn examines the difficulties arising from compliance with fire regulations

Furniture makers address a burning issue

AS ANYONE who has ventured into a furniture store in the past few months will have noticed, thera are lots of cut-price three-piece suites about.

The reason for the abundance of bargains is the Government's new regulations on furniture flammability, announced in January after a public outcry over a series of deaths in house fires over the Christmas period.

Under the new rules, all the upholstered furniture sold in the UK from March next year will have to be filled with combustion-modified high-resilience (CMHR) foam – less flammable than the old polyurethane foam, which gives off highly toxic fumes. Similarly, more stringent safety standards will apply to upholstery fabrics from March of the following year.

As soon as the regulations were announced, retailers began to clear their stocks of old foam furniture. The process of clearance has cut prices to the public, but has plunged the furniture industry into chaos.

The first problem for the industry was that consumers were so confused by the fuss and furore over the new rules thet the pattern of npholstered furniture sales was distorted.

As Mr David Dawkins, group merchandising director of Harris Queensway, put it: "In the first few weeks some people walked ont of stores muttering about 'firetraps;' others said they were buying old suites before prices went up."

Consnmer concern soon abated. But a new problem arose as demand for upholstered furniture fell when the process of retail clearance began.

In theory, it is relatively simple for furniture manufacturers to introduce new foam, given that they tend to produce to order and carry low stocks of raw materials. G-Plan, for example, has been using new foam since the middle of May.

But the pace of retail clearance was erratic. The independents were the first to sell off old suites, followed by the multiples. Allied, the home furnishings chain within Asda-MFI, now sells only naw foam furniture, whereas only a third of Harris Queensway's suites are filled with new foam.

Many retailers were reluctant to order new suites until the Government confirmed its specifications for the new foam. Those specifications appeared only a few weeks ago.

The furniture manufacturers were thus left to cope with a period of reduced demand. The most vulnerable were those making cheap suites for the multiples, which compete purely on price.

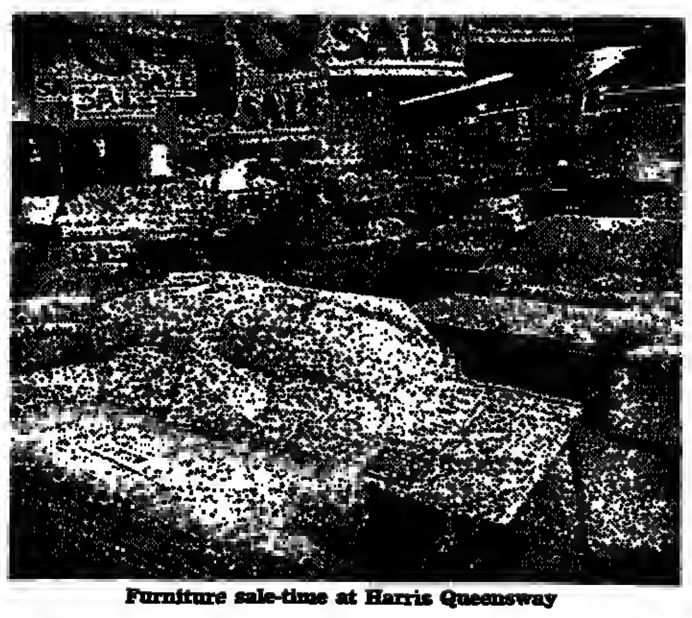
Since the Government confirmed the specifications, retail demand has revived and most of the industry has returned to full-time working. So far, there has been little consumer resistance to increased prices. Typically, the cost of a three-piece suite has risen by between £25 and £100.

Again, it has been the lower end of the market that has suffered most; partly because it is the most price-sensitive area and partly because a lot of expensive furniture already used less flammable fillings.

But the furniture manufacturers have had trouble with new foam.

Securing the necessary quantity has not been difficult. Most leading producers have developed CMHR foam over recent years and were thus been able to increase production.

However, the foam companies, like the furniture manufacturers, have suffered from erratic demand as retailers switched to new foam.



Furniture sale-time at Harris Queensway

Similarly, there have been difficulties with the quality of the new foam. Mr Richard Willan, managing director of Christie Tyler, said that initially it did not satisfy the company's standards of comfort or consistency. Those matters have since been resolved.

The focus of concern has now shifted to fabrics. In that field, research and development are less well advanced and there is not enough capacity to meet the needs of the furniture industry.

The large textile groups, having spotted an opportunity to win sales from imports, are responding.

Dawson International is investing £12m in a new acrylic velvet plant. Courtaulds has just completed trials of a new process for treating printed cotton. Coats Viyella also plans to invest in facilities for flame-retardant furniture fabrics.

Yet there is still concern that speciality fabrics such as silk, made in small quantities for use in expensive furniture, will not be able to meet the new standards.

Mr David Freeland, director of the British Furniture Manufacturers Federation, is confident that such issues can be resolved by the time the new rules come into force. "First we overcame the foam problem, now we are tackling fabrics. In a situation like this there is always a risk of histrionics."

TUC intends to launch its finance package next year

BY PHILIP BASSETT, LABOUR EDITOR

THE TUC looks set to launch a comprehensive package of financial services in an effort to tap the potential market of 9m members of trade unions.

The TUC's plan, which union leaders aim to have in place by next year, will be the farthest British unions have ever gone collectively in providing a coherent package of financial and other services.

Some left-wingers may be sceptical, seeing it as a move by the TUC towards the so-called "business unionism" which they claim is practised by such groups as the EETPU electricians' union.

It was tha EETPU which started the union drive for financial services packages two years ago. Ironically, the union is set to be suspended next week by the TUC general council over its singleunion, strike-free deals. Critics of the EETPU consider those deals another aspect of "business unionism."

The TUC's steering group on services has prepared a confidential report for a meeting next week of the TUC's special review body. It says that "substantial progress has been made in establishing a comprehensive range of membership services that affiliated unions can choose to use." They will include:

● Credit cards. Leaders of the GMB general union recently launched the first British union credit card. The TUC, the Cooperative Bank and Unity Trust, the unions' financial institution, are working on a feasibility report about a TUC credit card. It will be considered at tha *TUC Congress in Bournemouth* in September.

● Personal pensions. On June 30 Unity Trust will launch a pensions plan which will discourage employees from leaving occupational schemes. In line with the Financial Services Act, though, the TUC will not endorse or recommend the plan.

● Financial services. Unity Financial Services will launch a package of benefits, including insurance, mortgage and investment schemes. The company will advise non-union applicants to join a union. The package will be based on a pilot scheme already announced by Nupe, the public employees' union.

● Legal services. The TUC is considaring detailed proposals from the Law Society, the organisation for solicitors, for a joint scheme providing legal services to union members on non-employment issues on preferential terms.

● Travel services. Unions are examining Unity Trust proposals on banking and travel services for union members.

The TUC's report says: "The large potential market offered by all or many TUC unions together should enable greater economies of scale for providers of services, and hence provide greater negotiating strength for the TUC."

TUC leaders favouring this cross-union package of financial and other services believe that a collective approach will avoid duplication of effort by individual unions.

They claim it will allow adequate monitoring of services, and will allow them to set acceptable standards of products, administration and marketing.

NUT plans to avert cash crisis

BY DAVID THOMAS, EDUCATION CORRESPONDENT

THE NATIONAL UNION of Teachers will be in financial crisis by the early 1990s unless a special conference of the 185,000-union agrees today on a package of fundamental reforms, Mr Doug McAvoy, the NUT deputy general secretary, said yesterday.

Mr McAvoy added he was confident the special conference in Harrogate would agree to most of the proposals being suggested by the NUT executive to re-structure the union.

The NUT's leaders will propose measures associated with its attempt to give the union a less militant image. The package will be bitterly opposed by the union'a vociferous left wing.

The package involves an increase in regional staff designed to improve services and thereby halt the decline in NUT membership, a cut in headquarters staff, an examination of whether to have a national conference every two years instead of annually and the centralisation of union dues collection.

The left wing will be particularly critical of the proposals on regional staffing and the annual conference. Mr McAvoy accepted yesterday that there might be a strong feeling in Harrogate in favour of retaining an annual conference, bnt he predicted a review of its size and cost.

Delegates at Harrogate will consider a document from the union's executive projecting a cumulative deficit of spending over revanue likely to reach £3.7m by 1991 on unchanged policies.

However, a pamphlet prepared by the Inner London Teachers' Association, a stronghold of the NUT left wing, argues: "The assertions about a financial crisis are completely false."

The pamphlet says the leadership's proposed reorganisation measures, "are not abont cost-cutting, on the contrary they involve a considerable increase in spending, but form part of the strategy to shift the political direction of the NUT."

The left wing claims the leadership's proposal to boost regional staff will increase salaries by about £600,000 a year and will also require considerable extra capital spending. The left's pamphlet contains an alternative set of financial forecasts, based on a rejection of the leadership's strategy, suggesting that the cumulative deficit would be only £36,000 by 1991, after which the union's financial position would improve with a bigger teaching force.

The union's restructuring was originally due for debate at the NUT's annual conference at Easter, but was postponed at the insistence of delegates so that the issues could be discussed more widely in the union.

Bank staff suspend threat of action after new offer

BY MICHAEL SMITH, LABOUR STAFF

STAFF at the Clydesdale Bank have suspended plans for industrial action after an improved pay offer from the management.

Bifu, the financial services union, and MSF, the general technical union, are balloting their 4,000 combined membership on the proposed deal, which would give a 7.25 per cent pay rise to most staff.

The previous offer of 6.25 per cent had been rejected and the unions were due today to launch a programme of industrial action, which would have included a refusal to work overtime and to replenish cash machines.

MSF is recommending rejection of the latest offer, which keeps the increase for managers at 6.25 per cent in spite of the improved offer for clerical staff. Bifu is making no recommendation.

Voting is dna to start this week, and Bifu, which has about 3,400 members in the bank, hopes to announce the results at the beginning of July.

● Mr Leif Mills, Bifu general secretary, says in the latest edition of the union's journal, Bifu Report, that a breakaway grouping from the TUC would have "no ethos or purpose."

Writing in response to speculation that the EETPU electricians' union may set up a rival trade union centre if expelled from the TUC, he says the TUC must adapt to meet the challenges of a fast-changing economic and social environment.

However, he says it would be "counter-productive and futile" to consider forming an alternative TUC because "there is no unanimity of purpose, let alone function" about the various staff bodies now outside the TUC. He says that any trade union grouping must have a common ethos or purpose, and he cannot see how any breakaway grouping from the TUC wonld achieve that.

Wage rise above 30% is agreed

BY John Gapper

PAY RISES of up to 30.8 per cent have been agreed at Victor Value stores, part of the Bejam group.

The deal, negotiated with Usdaw, the shop workers' union, means that new recruits in London will be paid the full adult rate on joining if they are 18 or over.

The change, reported by the pay research group Industrial Relations Services, means substantial increases for new recruits in the capital – amounting to 27.5 per cent for full timers and 30.8 per cent for part-timers.

The settlement follows large increases in London allowances made by companies including J. Sainsbury and Victoria wine to help attract new recruits.

Pay and Benefits Bulletin No. 210; Industrial Relations Services, 18-20 Highbury Place, London N5 1QP; by subscription.

APPOINTMENTS

Finance chief for Bank of America

BANK OF AMERICA has appointed Mr Matt Wake as vice president, head of European finance with resonsibilities for all Bank of America operations in Europe, Middle East and Africa. He will continue as finance director of Bank of America International, the bank's London-based capital markets subsidiary.

★

On July 1 Mr I.K. Marcroft, Mr R.H. Roberts and Mr G.W. Walker will join the board of TUKE & BELL.

★

Lord Goff of Chievely has been elected president of the CHARTERED INSTITUTE OF ARBITRATORS.

★

FAMILY ASSURANCE SOCIETY has appointed five members to its committee of management: Mr D.R. Pelly, Mr J.L. Wybrew, Mr A.E. Perkins, Mr K.P. Owen and Major General J.L. Bartlett.

★

BAMCOMER S.N.C., Mexico, has appointed Mr Axel Martinez as vice president and general manager of its London branch. Ha succeeds Mr Eduardo Arrangoiz, who is returning to Mexico in August to become senior vice president in charge of international branches.

★

Mr Michael L. Shone has been appointed group chief executive of HUGIN GROUP. Mr Gerard Seelig has been made a non-executive director.

★

Lord Mulley has been made deputy chairman designate of the proposed SHEFFIELD DEVELOPMENT CORPORATION.

★

Mr Roger Keeling has been appointed BRITISH RAILWAYS BOARD's director of procurement. He succeeds Mr Peter Higham who is to retire. Mr Keeling joins British Rail from the Exxon Corporation where he was senior materials adviser with Exxon Co International based in New Jersey, US.

★

Mr Alec Ogle has been appointed director-production of CRANE FRUEHAUF. He will be responsible for trailer production at both the Dereham and North Walsham factories in Norfolk.

★

MITA COPYSTAR (U.K.) has appointed Mr Toshikazu Yonezu its managing director. Previously in charge of another MITA subsidiary, S.A. Mita Belgium, Mr Yonezu takes over the UK role from Mr Hiromi Tomaya who has returned to Japan. Mita Copystar (U.K.) is a wholly-owned subsidiary of Mita Industrial Co of Japan.

★

Mr Gordon Kelly has bean appointed commercial director of CONNECT (UK), a division of Eagle Trust. He joins from Federal Express where he was UK sales director.

★

Lord Gowrie has been appointed a non-executive director of LADBROKE GROUP from July 1. He is chairman of Sotheby's and a former Cabinet Minister and Minister for the Arts.

★

At VIKING POLYPROPYLENE, the Viking Group's plastic bag division, *Mr Graham Mann* has been made sales director. He was general sales manager. Mr Julian Parker has become logistics director, a new post embracing purchasing, planning, stock control and quality control.

★

GLENGATE-KG PROPERTIES has appointed Mr Michael Brown and Mr Richard S.J. Harris to the board. Mr Brown and Mr Harris are group financial controller and developmant manager respectively.

★

Mr David Arnold has become director and general manager of PRIME LOANS, Prime Organisation's new mortgage broking subsidiary. He joined Prime in December 1987 as group treasurer and was personally responsible for drawing np the company's business plan.

★

ALEXON GROUP has appointed Mr Peter Wiegend its chairman following the retirement of Mr Eddie Tarr. Mr Wiegend, formerly joint chief executive and deputy chairman, has been with the group for 11 years. Mr Lawrence Snyder, joint chief executive, becomes chief executive.

★

Mr Christopher Cliffe has been appointed director of finance by MERCK SHARP & DOME following the transfer of his predecessor Mr Michael Doodson to Merck corporate headquarters in Rahway. He joins from Ward *Blenkinsop & Co*, a subsidiary of the Shell Group.

★

Mr Gerry Lynch has been made a director of BRITISH Car Auctions.

★

Mr Peter Spriddell has been appointed a director of CAPITAL & COUNTIES. He is a director of Marks and Spencer with special responsibility for estates.

Rail chiefs braced for long dispute about pay

By Jimmy Burns, Labour Staff

BRITISH RAIL and the National Union of Railwaymen were bracing themselves yesterday for an extended dispute over the pay and conditions affecting some 5,000 key maintenance staff.

As an overtime ban by signals and telecommunications staff began at midnight, BR reiterated its warning that the industrial action would lead to a pay cut.

Mr Jimmy Knapp, NUR general secretary, said passengers should know that "responsibility for disruption to services rests squarely on BR's shoulders."

He appealed to his members in dispute to stick together in the face of "intimidation" by BR. Both sides are expected to assess the impact of the call for industrial action for a few days before considering any change in their position.

Even if a majority of maintenance staff refuse to work overtime, the effect of their action in the short-term is expected to be sporadic and difficult to predict. Some sectors of BR like the busy Natwork SouthEast depend heavily on overtime. But they also have some of the most modern equipment which may prove less vulnerable to breakdown.

Nevertheless an extended dispute could cause wider disruption affecting commuters next week. The NUR said the technicians wanted more competitive basic rates and a more simplified pay and grading structure.

Philip Bassett and Michael Smith on the rapid fall of a tough leader

Embattled Golding will retire early

John Golding: Once a pillar of Labour's right wing

FEW union leaders have left their posts under more awkward circumstances than Mr John Golding. He spent yesterday at home as the National Communications Union (NCU) confirmed that he was to step down as its general secretary.

The only other prominent general secretary to leave under a real cloud in recent years was Mr Sid Weighell of the National Union of Railwaymen.

He departed after a votetrading row in his union. The case of Mr Golding, who is 57, could not be more different.

Earlier this year the News of the World published an article alleging that Mr Golding had a liaison with a prostitute. At a hastily-called NCU executive meeting, he refused to deny the allegation.

He maintained that stance at the union's annual conference in Blackpool last week. Conference delegates voted by 81,152 to 63,839 to ask him to resign after hearing that his refusal to deny the allegation meant he had lost credibility as a negotiator and had brought the name of the NCU into disrepute.

Within a week, the left-led NCU executive asked Mr Golding – a leading right-winger – to resign. A brief statement from the NCU yesterday said that Mr Golding had refused that request. It added that after day-long talks on Thursday, an early retirement package had been agreed amicably.

The statement made no mention of the terms of the package. It is believed that Mr Golding, who had nearly three years left of a five-year contract, will receive more than £60,000 in compensation and will retain full pension rights.

In his election address in 1986 Mr Golding gave "an absolute assurance that if elected as general secretary I will remain in the union until retirement age." Technically, he will not leave his post until August 1. In practice, after farewell drinks at the union's west London headquarters on Thursday, he will not be back.

Mr Golding's ignominious departure is an unhappy end to a lengthy career in the union. He joined the NCU's predecessor, the Post Office Engineering Union, as an assistant research officer in 1960. He retained a post as an assistant secretary even after he had become Labour MP for Newcastle-under-Lyme in 1969.

As political officer, he was an important figure in the union even while he was an MP. He maintained the then-dominant right wing in the union with skill and strength.

Mr Golding, who is fiercely proud of his stanchly working-class attitudes, was elected to the national executive committee of the Labour Party in 1978. He quickly became the arch-fixer for the right wing on the committee. He organised and built the right from a tiny minority of three to the point which led to its present level of control in support of Mr Neil Kinnock.

He was also a formidable parliamentarian, and civil servants who worked for him as a minister, especially when he was at the Department of Employment from 1976 until Labour fell three years later, testify to his qualities.

When he became NCU general secretary, he received more votes than all the five other candidates combined. Expectations were high that with such a track record, regarded even – perhaps especially – by his political opponents as impressive, he would make a notable mark in his union and in the TUC.

Even his close supporters in the union and the TUC acknowledge now that it did not turn out like that. What worked in the Labour Party largely did not work in the unions.

On the TUC, for instance, Mr Golding was valued for his parliamentary experience. As a member of the TUC's employment committee, he was vital in suggesting parliamentary methods of approach to the Government. One result was that the TUC's efforts to change what is now the Employment Act 1988 were the most sophisticated, professional and covert of all its campaigns in opposition to the Conservatives' employment legislation.

On the TUC general council, however, *Mr Golding* did not repeat his Labour Party feat of drawing the right together. One reason was that he was never able to do much more than concentrate on his own union. Politically, the left in the NCU grew sharply, led by an able Militant supporter, Mr Phil Holt, who ran Mr Golding a not-too-close second in the 1986 union election.

In addition, a merger between the POEU and part of the CPSA civil service union to form the NCU was never fully realised. The NCU's engineering and clerical sections are run almost entirely separately, with their own executive committees.

Mr Golding became general secretary as British Telecom (BT), the NCU's main employer, was shifting its attitudes and practices from being a state-supported public corporation to a much more dynamic and entrepreneurial private-sector company.

NCU leaders and BT managers say privately that Mr Golding, steeped in old Post Office traditions, found it hard to deal with the change.

They point as evidence to his handling of the two-week NCU pay and flexibility strike in January last year. His performance saw last year's NCU conference fail narrowly to back calls for his resignation.

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A ghost at the feast

ECONOMIC summits came and economic summits went, bnt Ronald Reagan and Margaret Thatcher, it seemed in the 1980s, went on forever; for the US this is coming to an end. The congregation which starts tommorrow in Toronto, the fourteenth in the series begun in Rambouillet, will be the last they attend together. It is not therefore surprising that it is likely to be devoted to a celebration of their joint achievements.

This is fair enough on three counts: that it is right and proper, in the spirit of the Guildhall two weeks ago, to allow Mr Reagan his protracted valedictory at what seems to be the conclusion of the "conservative" era; that, in a US election year, new policies cannot reasonably be expected out of Washington; and that, in the absence of them, there is not a lot that the other Western countries can do to set the world to rights, hard though some of them, especially Japan, may try.

However, it is not simply churlish to point out that the spirit of mutnal congratulation should have its limits. On the economic front alone, it may well be that the Western world is still enjoying the fruits of six years of impressive and mostly non-inflationary growth, albeit that it is getting a little overheated. But it is ever more apparent that this comes at a cost, in deficits, and debt, which ultimately will have to be paid not only by Mr Reagan's successor but also, conceivably, by Mrs Thatcher herself.

Terrorism

Nor is it clear that the Toronto participants are ready or able to answer some of the non-economic problems that bave often been the most important issues at recent summits. It is hard to believe, for example, that this summit can produce anything consequential on the subject of terrorism, even though the US apparently wants new rules against hijacking. The fine words of the Tokyo summit three years ago have been honoured mostly in the breach, notably by the US and France.

Much more significant is that there is a ghost at the Canadian feast by the name of Mikhail Gorbachev, whose challenges and opportunities to the West certainly equal, and probably exceed, anything varioualy offered in the past by Opec, the Ayatollah Khomeini and by terrorists in masks. Mr Reagan may report, as he has already done to individual Prime Ministers, on the nature of the Moscow meeting but there is as yet no clear indication of how the West sbould respond to initiatives which now have economic and commercial, as well as security, manifestations.

The personal composition and chemistry of this summit probably precludes the evolntion of sucb a response. Of the three pre-eminent figures, Mr Reagan is a lame duck, while the views of Mrs Thatcher and President Mitterrand cannot be said to be synchronised. Chancellor Kohl, regrettably, does not offer a distinctive German voice. Mr Noboru Takeshita, the Japanese Prime Minister, arrives primed with a lot to say, justifiably, on the economic front, but is at his first summit as head of government and is still formulating a wide range of policies.

Scripted

In neither the political or the economic arenas does the line-up in Toronto promise much. Because summits are well scripted in advance by faithful sherpas, pronouncements on a uumber of technical issues – African debt relief, commodity indexation, the winding down of agricultural subsidies and obligatory denunciations of protectionism in general – will emerge in an unexceptional manner. It will be impossible not to approve most of them.

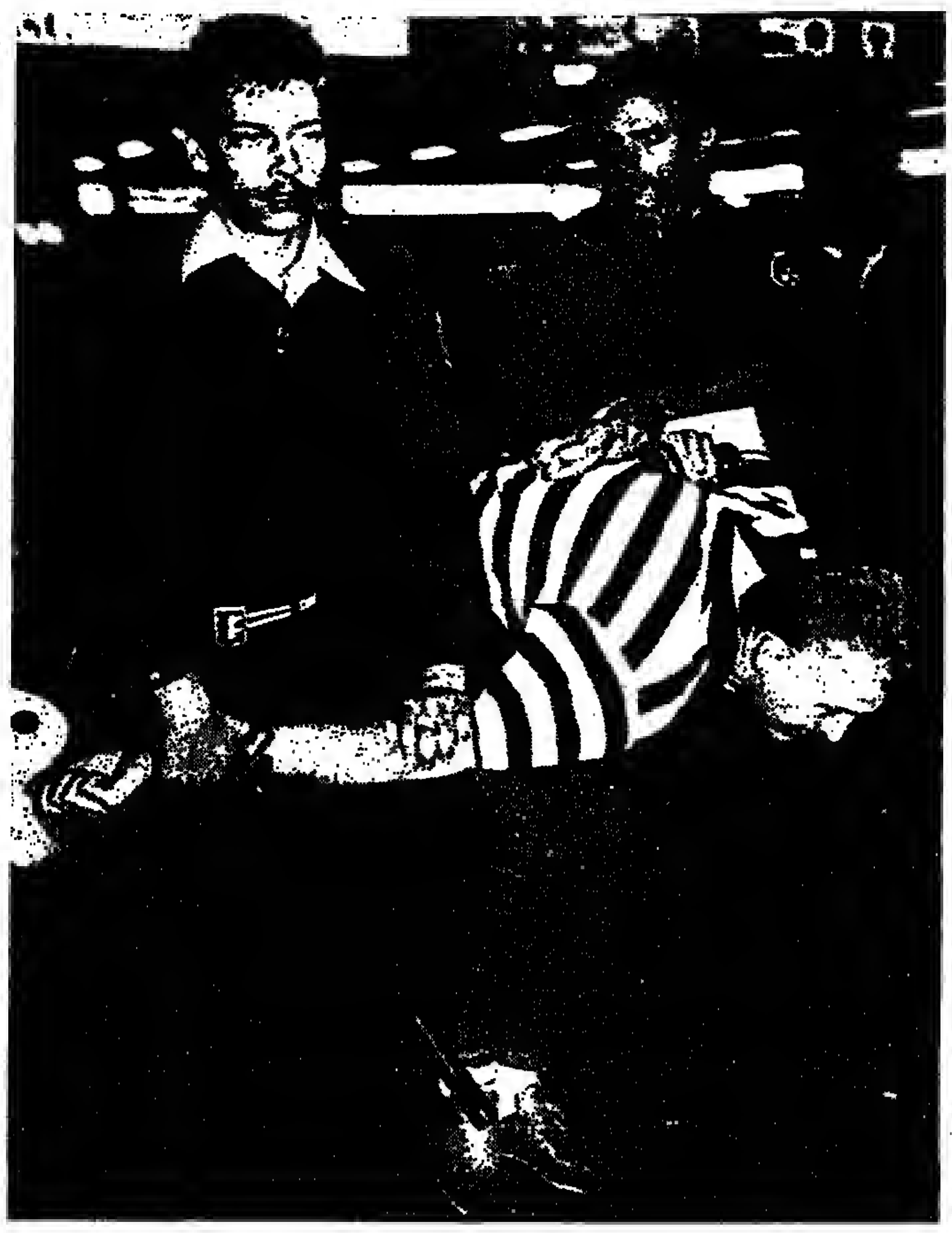
But the mere fact that eight or more world leaders gatber together in ona place always allows for the possibility of substantive discussion and, indeed, deviations. In the late 1970s, when economic problems were at least as pressing, the principal summit participants – Carter, Callaghan, Schmidt, Giscard, Trudeau – all possessed technocratic virtues (as well as other vices). The same attributes (and defects) cannot be applied to Reagan, Thatcher and Mitterrand, whose preferences for the sweeping approach have worked when problems seemed daunting but are less valuable when the solutions may be more complex.

However, there are issues on which the leaders could usefully begin a dialogua for what is, patently, an era that will see the relative further decline in American influence. This should include not only discussion of regional economic and political problems but also of a discernible trend to the division of the "capitalist" world into regional blocs, Asian, European and Northb American.

There is a natural attraction to the argument that the fewer the participants in global discussions, the easier the management of problems, but those wbo get left out cannot be expected to play ball. This applies currently to the developing nations but it could extend soon to the Soviet Union. Perhaps an invitation to Mr Gorbacbev to attend some future summit migbt be discreetly contemplated. After all, with the end of cohabitation in France, there is an extra place at the table.

John Lloyd and **Philip Coggan** reflect on football violence and what, if anything, can be done about it

Fragments of a lost order



IT NEVER USED to be like this. In J. B. Priestley's The Good Companions (1929), the working class character Jesiah Oakroyd is introduced at the Saturday match of his home football team, Bruddersford.

Priestley describes the match as if it is a mass postgraduate seminar: the game is the demonstration, the after match conversations the learned disputation. "It turned you into a critic . . . ready in a second to estimate the worth of a well-judged pass, a run down the touchline . . ." It is wholly male, wholly working class and wholly peaceful.

The drink afterwards is to lubricate conversation and sociability. Mr Oakroyd, who in the course of the novel will travel about England with a troupe of strolling players, has at the beginning left Bruddersford only on occasion. Düsseldorf, Stuttgart, Brussels and Madrid, are beyond his ken. A world lost?

Lost beneath the boots of troupes of strolling thugs who took to West Germany Fascist salutes to the strains of God Save the Queen?

Lost in the 38 deaths and 400 injuries at Heysel stadium on May 29,1985? – where, as the Belgian parliamentary commission of inquiry later commented, "the British supporters . . . bear the main responsibility for the terrible events . . ."

Lost back home, in the planned ambushes and pitched battles? – like that which came before Judge Hilliard at the Old Bailey three years ago, in which a group of Cambridge fans ambushed visiting Chelsea supporters, in a display of (in the Judge's words) "organised, pre-planned violence which endangered life"?

Lost in the extraordinary tribalism of modern crowds? – such as that experienced by the sociologist Paul Corrigan at a West Ham home game against Luton some five years ago, when he found himself in the midst of West Ham fans screaming "Kill the niggers!" at two black Luton players. "I turned to look at the bloke behind me. He was screaming it with the rest, and he was black."

The measures announced on Thursday as "under review" by Mr Douglas Hurd, the Home Secretary – a ban on England's participation in international competitions; imposition of travel restrictions; limiting admission to matches; tighter drink licensing; better police intelligence – are for a post-Oakroyd age.

The football clubs – the richer ones, at least – have already erected the segregation barriers and the steel mesh net. A few (like Luton) have brought in membership schemes and others have become much more active in their surrounding communities (like Preston North End).

There has, of course, been a certain amount of blaming of each other. The game's owners, Mr David Evans, chairman of Luton (and a Tory MP) and Philip Carter, chairman of Everton and of the Football League, bicker in the TV and radio studios with the game's moral guardian, Mr Colin Moynihan, the Sport Minister. And the measured cadences of Sir Oliver Popplewell comes in as a despairing minor key theme. Sir Oliver, who wrote the latest in a long series of reports on football and violence,[1] has over the past few days patiently told Brian and Donald and Anne on the other side of the microphone that there was, perhaps, nothing to be done.

"I think we've just got to recognise there are lots of very violent people about . . . there is no complete solution . . . if you want to stop them being violent at football matches abroad you must just stop England playing abroad."

Nothing to be done . . . yet at the same time we are confronted with a rising tide of violence in urban centres (yet that is now almost old hat) and, more alarmingly, in the English countryside, in rural villages and market towns. Surely, we are told, some mindless barbarity is sweeping through our youth, carried on waves of lager, inhalations of glue and cocaine and loadsamoney – as the TV comedian puts it. Nothing to be done? But something *must* be done!

It would help to know more than merely the surface phenomena: to know what the deeper strains in working class culture (for it is overwhelmingly working class violence we are concerned with) are producing this behaviour.

On the political level, we have two mobilising poles. From the left, the charge, heavily or lightly pressed according to source, that these are Thatcher's children – "They exemplify what the Prime Minister said recently, that 'there is no such thing as society.' They take her at her word: they recognise no social restraints," says Paul Corrigan. From the right, the counter-charge that these are the *left's* children – what Mr Norman Tebbit calls products of a permissive age, or as the Daily Telegraph put it on Thursday, "It is . . . the fruit of half-baked liberal social and educational values which this Government is belatedly seeking to unscramble."

The explanations of social scientists go deeper still, but in depth we do not find unanimity. Still, social scientists, absurdly under-regarded by this Government though most of them are, are the best guides we can turn to at moments like this.

There is a school of thought which sees violence as part of a vast cultural-historical continuum. Writers like Peter Marsh[2] insist that football violence is of a piece with ritual violence through the ages and that the present manifestations only or largely become more alarming becanse tbey are frustrated through attempts to stop it.

Another school has placed football hooliganism in a specifically political and *class* context. Marxist writers on sub-cultures, of whom one of the most vivid has been Ian Taylor[3], see the "bourgeoisification" of football in the late 1950s, the corresponding loss of a democratic and egalitarian relationship between the clubs, their footballers and the supporters, the parallel "decomposition of the working class" with, most of all, the creation and increasing resentment of an underclass suffering from "material and psychic frustration," as the fundamental causes of violent behaviour. In this model, hooliganism is close to a political act. Paul Corrigan, who wrote a lively account, Schooling the Bash Street Kids, has a roughly similar view.

The model which has achieved instant contemporary success, however, since its practitioners produced recent books which TV producers and newspaper reporters could grab off the shelves to skim for conclusions, is that advanced by Eric Dunning, Patrick Murphy and John Williams[4], all of Leicester University.

Dunning, Murphy and Williams follow the general lines of a very distinguished sociologist, Norbert Elias, who, in a series of works[5], has argued that history can largely be understood by the tendency of powerful groups to impose a "civilising process" on the uncivilised, disorganised society about them. Adapting the master, the Leicester trio say that the British working class was in part "civilised" or "incorporated" into society in the post-First World War period – a time when (in contrast to pre-1914) football and other violence was low. However, the "rough" or "lower" working class was not civilised or incorporated: and fought, got drunk, mouthed obscenities and behaved "badly."

This behaviour used to be accepted as what such people did, and was barely reported in the media, but as tabloid newspapers became more sensational in the late 1950s, it was given greater prominence. At the same time, the Leicester trio argues, the power of the working class increased, the ruling "establishment" lost self confidence, and "social tension and anxieties . . . about relations between the generations and between members of the 'host' and immigrant populations . . . were growing."

Professor Jock Young, who heads the Centre of Criminology at Middlesex Polytechnic and who has emerged in the last decade as a leading theorist on the causes and nature of crime, says: "The problem we criminologists have been trying to deal with for 20 years is this: why are affluence and crime rising at the same time?

"And the answer we come up with is relative deprivation. You don't have to be absolutely poor to feel deprived: in fact, differentials can be narrowing rather than widening. But you feel deprived; and if you're in a society which emphasises the market as the standard against which you are judged, you are less able to accept the blockages which prevent you getting on."

To paraphrase, both Young and the Leicester trio, the new hooligan is a loadsamoney character who has relative material affluence, wants more, and is not incorporated or civilised. Corrigan gives the model an extra twist: "Many of these people work in the black economy. There is no social restraint: they're already partly outside of society".

One point of agreement: football is not the *cause* of violence, but does provide the *focus*. Although, as Sir Oliver Popplewell comments in his report, "the terraces are certainly no place for the prudish or fainthearted," that has been the case since the sport was proletarianised in the 1880s and the focus of violence, once directed against the referee and the opposite team, has now shifted outside.

Conscious of this, some teams are throwing open their grounds to "community" sports and sending their star players out of their luxury mansions into local schools and youth clubs. It is not like running into them in the Bruddersford Arms, as in the good old days, but it is better than just reading about them in the newspaper gossip columns.

But nothing to be done? Patrick Murphy of Leicester, reflecting on the gathering panic of recent weeks, says "there is no such thing as a monocausal analysis or solution. It doesn't lie in alcohol, or in unemployment, or in affluence, or in permissiveness. And to ask the football authorities to do something about the age-old problem of hooliganism is nonsensical."

A common theme among politicians, observers and social scientists is *fragmentation*: the replacement of a culture of Jesiah Oakroyds with one of loadsamoneys, the break-up of working class communities, the lionising of working class heroes, the tabloiding of working class culture. Within that, has come the creation of "popular" anti-heroes who gain their popularity from the opprobrium heaped upon them by the press and "incorporated" society. The more they are called thugs, hooligans, morons, beasts and animals, the more they take these tabloid appellations to themselves and act the parts.

Nothing to be done? Something will be done of itself, as demography reduces the numbers of teenagers and gives "grey power" some meaning. The unskilled working class, which has borne the brunt of industrial and social restructuring, may by now have borne the worst of it; and insofar as it is *these* resentments which spill out on the streets of Cambridge and Dusseldorf, they may abate as the social pain lessens. It may even be that the new prosperity will perform another miracle of incorporation and "civilisation": that after a time of demonstrating the values of aggression across half Europe, the loadsamoneys will settle for more bourgeois virtues and, in time, themselves become the late 20th century equivalents of good Bruddersfordians.

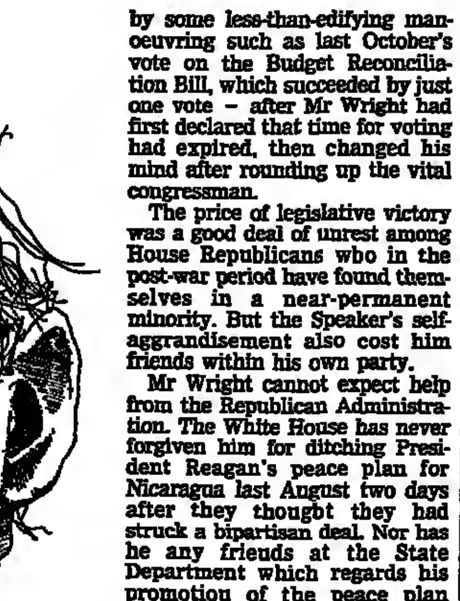
[1] *Committee of Inquiry into Crowd Safety and Control at Sports Grounds. Home Office. January 1986*
[2] *Peter Marsh, Elizabeth Rosser and Rom Harre: The Rules of Disorder, RKP 1978.*
[3] *"Football Mad" in The Sociology of Sport, ed Eric Dunning, Frank Cass, 1971; and "On the sports violence question" in Sport Culture and Ideology, ed Jennifer Hargreaves, RKP 1982*
[4] *Hooligans Abroad, RKP 1984; The Roots of Football Hooliganism 1988, RKP.*
[5] *The Civilising Process, Blackwell, 1978; State Formation and Civilisation, Blackwell, 1982.*

Man in the News

Jim Wright

Fighting Texan who may spoil the party

By Lionel Barber



IN FORT WORTH, Texas, tha saying goes that if Jim Wright ran against God, Mr Wrigbt would win, handsomely.

The 65-year-old Speaker of the House of Representatives has made a science of pork barrel politics. Whether lt be water projects, belicopter plants or federal funds for revitalising the historic Fort Wortb stockyards, Mr Wrigbt, as the New Repnblic magazine recently remarked, has proved a politician able to bring home the bacon.

In any other year, his efforts on behalf of his friends and constituents migbt bave escaped attentiou. But Mr Wright is House Speaker, the highest ranking Democrat in the land, and 1988 is an election year.

He stands accused of lapses in personal financial dealings and lobbying activities spanning a decade. The charges have prompted an investigation by the House Ethics committee – a rare event in a town where legislators have a habit of excluding themselves from many provisions of the law.

None of the revelations so far is likely to lead to demonstrations in Atlanta where Mr Wright still intends to preside over the Democratic Convention next montb, to anoint Mr Michael Dukakis as the party's presidential candidate. Yet his position is at best a distraction from Mr Dukakis'e campaign, and the media coverage of his difficulties neutralises the Democrats' efforts to exploit the Reagan Administration's own ethical problems.

The most eye-catching charge against Mr Wright concerns a 117-page paperback book called Reflections of a Public Man. The book, a cut-and-paste edition of Mr Wright's speeches and thougbts, was publisbed by a company owned by Mr Carlos Moore, a Fort Worth associate who went into the printing business in the 1970s after serving a six-montb sentence for income tax evasion.

Mr Moore – whose companies have received more than $250,000 from Mr Wright's campaign committee for services including the printing of bumper stickers – paid Mr Wright an unusually high 55 per cent in royalties. The Speaker says this is not excessive in the light of the $1m publishing advances given to the likes of Mr David Stockman and Mr Donald Regan for their kiss-and-tell works. Bulk buying of Mr Wright's book by political backers, inclnding tba Teamsters Union, created $60,000 in fees for tbe Speaker and a neat ronte round congressional ceilings on outside tocome.

Lese publicised are Mr Wright's efforts on behalf of three Texas constituents who were involved with savings and loans institutions. Two have subsequently been indicted on fraud charges; one, Mr Don Dixon, has been sued by federal regulators alleging he defrauded a Dallas thrift of $40m. Mr Wright says be was unaware of abuses and intervened merely to prevent regulators closing thrifts and hurting customers when there was a good chance of recovery.

Last week, Mr Ed Gray, former chairman and chief executive of the Federal Home Loan Bank Board, said the Speaker's role involved far more than putting in a good word for a constituent. At the time, the Administration was promoting a $15bn recapitalisation plan for the Federal Savings and Loan Insurance Corporation (FSLIC) and Mr Wright was stalling in the House. "Ha held awesome power over the legislation and when he accused us of mistreating one of his friends, I felt I had to go the extra mile," said Mr Gray who postponed taking over the Dallas thrift while an indepeudent investigation went ahead (which largely exonerated the FSLIC over its decision to close the ailing institution).

Such displays of raw power have been commou since Mr Wright became Speaker in January 1987, succeeding the amiable Bostonian, "Tip" O'Neill. In very short time, Mr Wright – whose sugar-coated accent hides native aggressiveness characteristic of a man who boxed into his late fifties – quickly established a reputation for ruthless use of House rules to curtail debate

Fast footwork may be inevitable in tha lower chamber, a heterogeneous body where party loyalty among tba 435 Representatives is nothing like as strong as at Westminster. But Mr Wright's first year was marked by some less-than-edifying manoeuvring such as last October's vote on the Budget Reconciliation Bill, which succeeded by just one vote – after Mr Wright had first declared that time for voting had expired, then changed his mind after rounding up the vital congressman.

The price of legislative victory was a good deal of unrest among House Republicans who in the post-war period have found themselves in a near-permanent minority. But the Speaker's self-aggrandisement also cost him friends within his own party.

Mr Wright cannot expect help from the Republican Administration. The White House has never forgiven him for ditching President Reagan's peace plan for Nicaragua last August two days after they thougbt they had struck a bipartisan deal. Nor has he any friends at the State Department which regards his promotiou of the peace plan devised by President Arias of Costa Rica as the work of a meddler duped by Nicaragua's Sandinistas.

In Latin America, his endeavours – and his fluent Spanish – have won him more respect than at home. Indaed, the Speaker argues he was the only person in Washington last year seeking a diplomatic solution to the seven-year-old civil war in Nicaragua.

The Honse Ethics Panel inquiry is expected to last at least three months, longer perhaps if the committee – six Republicans and six Democrats – appoints an independent counsel to investigate. Even if Mr Wright is exonerated, the publicity seems certain to lead to closer scrutiny of congressional ethics.

Then there is the question of Mr Wright's own future role. In the savings and loan story, he may seem to have placed the interests of fellow Texans above that of the national interest – which was to pass legislation protecting the precarious position of depositors. Mr Wright's approach that what is good for Fort Worth is good for America would hardly seem to be a recipe for harmonious cooperation with a Dukakis Administration.

Barry Riley looks at the lessons of the Barlow Clowes collapse for the UK's offshore financial centres

Smart money, shabby advice

EVERY few years a new batch of investors and financial intermediaries has to re-learn an old lesson about prudence and risk.

In 1982 investors were stranded when Signal Life, the Gibraltar-based life assurance company, crashed, leaving holders of its so-called Gilt Bonds clutching worthless certificates. The investors had not, in most cases, naively filled in coupons, they had responded to the suggestions of brokers and other supposedly expert advisers.

Now, Gibraltar-based Barlow Clowes International has collapsed, again after offering spurious "gilt-edged" investments. The only real difference this time is that the number of investors involved is measured in thousands rather than hundreds, and so the losses will be vastly greater. There is a similar group of rueful intermediaries who have guided their clients to disaster.

The common factor in these two cases is Gibraltar, one of the least tightly regulated of offshore financial centres. Since the crash of Signal, and one or two other similar concerns like Cavendish Life, Gibraltar has tightened its banking and insurance legislation, but as an investment company, BCI evaded most controls.

As the full scale of the BCI crash emerged this week, involving the possible loss of as much as £100m of investors' money, offshore regulators began assessing the potential damage to the offshore finance industry as a whole.

Rival centres are certainly not inclined to rejoice at Gibraltar's discomfiture. "It is a concern. It blackens the name of all of us," says Jim Noakes, banking regulator at the Isle of Man's Financial Supervision Commission.

So far there are only limited signs of any loss of confidence in the UK's offshore financial centres. "We haven't noticed any decline in sales or increase in redemptions," says Richard Wilkinson, managing director of MIM Britannia in Jersey. "But we have had calls from investors making sure that none of the Barlow Clowes problems attach to our gilt funds. Naturally we have been able to reassure them."

Offshore regulators point out that Barlow Clowes did not match up to their standards of quality

At Gartmore Fund Management, however, the experience has been rather less favourable. "We've definitely noticed a falling away of money coming into our high yielding funds," says Peter Scott, a Gartmore director. Sales of Gartmore's Isle of Man-based International Income Fund, currently returning some 13 per cent, have suddenly slumped.

"It's terribly unfair. For years intermediaries have been holding up to us the Barlow Clowes yield," says Mr Scott. "Intermediaries have never understood the mega-yield funds."

High-yield funds have been hot sellers. MIM Britannia's Jersey Gilt Fund is reckoned to be the biggest, having grown from £260m to £350m since the beginning of this year. Such funds appeal in particular to pensioners. They are prepared to set the high income against the prospect of slight capital loss involved in investment in high-yielding, high-coupon gilts which are standing above par and therefore will depreciate as they approach redemption.

Offshore funds pay dividends gross. For onshore pensioners this way they avoid the need to claim back tax if they have incomes below the income tax threshold. Alternatively they will pay the tax, but more than a year later; and of course some may not declare the investment income at all.

Many offshore fund managers are worried that the characteristics of Barlow Clowes International have not been understood. "The way it has been reported in the press is misleading," suggests Colin McGregor, a Guernsey director of Tyndall. "It wasn't a fund."

"It couldn't happen with a unit trust," insists Mr Wilkinson of MIM Britannia, pointing out that BCI lacked the safeguards of the highly respectable trustees, custodians and auditors which are required in Jersey and other well-regulated centres.

Meanwhile the offshore regulators themselves are discreetly pointing out that Barlow Clowes did not match up to their standards of quality and reputation. "We want people to have established a track record elsewhere, and only then are they allowed to set up here," says Richard Syvret, Jersey's Commercial Relations Officer.

Nobody can recall Peter Clowes showing his face in Guernsey, but he had brushes with the regulators in both Jersey and the Isle of Man.

A Jersey partnership was set up by Barlow Clowes and in 1983 briefly advertised discretionary gilt-edged management services. A link was formed with a Jersey business called Conwin Services. But at the end of 1985 Barlow Clowes packed its bags and left the island, seeking a friendlier climate.

Last year an Isle of Man associate of Mr Clowes called Peter Henwood attempted to buy the Celtic Bank from the one-time supermarket boss Albert Gubay. It appears that the deal fell through for commercial reasons, but it proceeded far enough for the Manx authorities to investigate the Clowes connection, and the takeover would almost certainly have been blocked.

Far from boasting about their actions, however, the regulators in the Isle of Man and Jersey are maintaining a discreet silence. They are reluctant to highlight any failings by the Department of Trade and Industry (DTI) on the mainland, which during the years in question was granting, and then renewing, Barlow Clowes's licence to deal in securities.

Jersey, Guernsey and the Isle of Man are all hoping to receive designated territory status under Section 87 of the Financial Services Act within the next few months. This will enable many unit trusts based in those islands to be marketed on the mainland. But since the decisions on designated status rest with the DTI, the offshore regulators are keeping quiet about Barlow Clowes.

When Barlow Clowes pulled out of Jersey it first explored Geneva and then arrived in Gibraltar. By this time, an offshore initiative was becoming imperative. New tax rules for gilt-edged securities in 1984 had closed a loophole that Barlow Clowes had successfully exploited to boost returns. It ability to offer high yields on the mainland was imperilled.

Barlow Clowes International was launched at a lavish party at The Rock Hotel, Gibraltar, in October 1986. There were official congratulations from Sir Joshua Hassan, then chief minister of Gibraltar. The Governor, Sir Peter Terry, was in attendance.

One attraction of Gibraltar was that it was close to the well-heeled retirement areas of the Costa del Sol and the Algarve, which are highly lucrative areas for investment salesmen targeting British expatriates.

As it turned out, however, the UK mainland became the major source of business. BCI's offshore services could not be offered directly to mainland investors through advertising, because of restrictions under the Prevention of Fraud (Investments) Acts, but they could be sold through mainland intermediaries.

The main appeal of Gibraltar was therefore that it imposed only minimal regulation on fund managers (though its controls on banks and insurance companies are somewhat more substantial).

So successfully did BCI attract intermediaries to the high yield honey-pot that £130m of investors' money flowed to Gibraltar in 18 months, dwarfing the volume of investments held by the UK operation which offered a lower rate of interest and paid it net of income tax. None of these intermediaries, apparently, had learnt anything from the collapse of Signal Life a few years before. But for the action taken by the UK regulators the money at risk could have grown vastly greater still.

Are there more disasters out there waiting to happen? Offshore regulators are insistent that BCI is not the first of many. Although there may still be one or two dubious funds in existence, they are not on anything like the same scale.

Gibraltar could even succeed in cleaning up its act. Its incentive is that as part of the European Community its unit trusts could qualify for unfettered distribution throughout the member states, including the UK, under the Ucits Directive. (This EC scheme - formally known as the Undertakings For Collective Investment in Transferable Securities — becomes effective next year.) But first Gibraltar will have to pass investor protection legislation which convinces other countries. In any case, its reputation has received a serious blow.

Investors can always be sure of avoiding trouble by sticking to top names, and making sure that funds are structured with reputable advisers and backers. And while amateur investors may not always know who is reputable and who is not, there is no excuse for professional advisers failing to carry out checks.

The repeated pattern, however, is that clever operators will move on to the next offshore centre, market their product successfully to intermediaries by a variety of legitimate and illegitimate techniques, and exploit loopholes opened up by more reputable concerns.

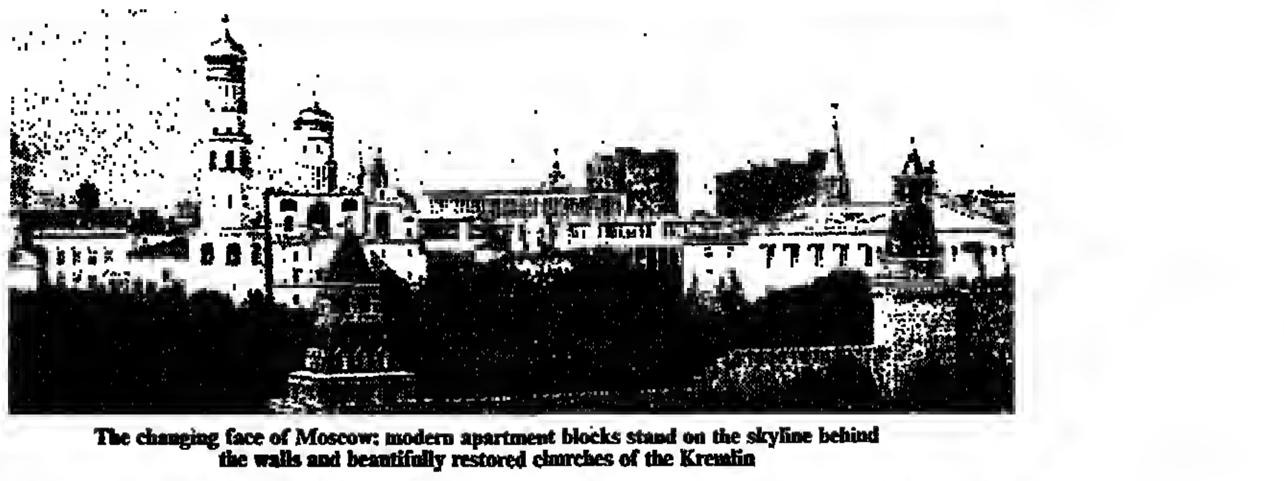
There are complaints within the offshore fund management industry, for instance, that the BCI high-yield product was given undue credibility by the high-yield funds offered by top names – by the TSB as well as MIM Britannia. The underlying yield on gilt-edged securities is little more than 9 per cent, and 11 or 12 per cent can only be offered by blurring the distinction between capital and income. This is all very well if investors fully understand what is going on, but in many cases they probably do not.

All too often, investors believe they are being clever or sophisticated in buying offshore products which avoid either tax or onshore regulation. There are indeed legitimate cases where offshore vehicles can have advantages, such as the umbrella funds which allow switching free of capital gains tax between subsidiary funds (though the likelihood of investors being able to make consistent profits out of such switching is small). Expatriates, of course, are in a quite different category.

But in practice, mainland investors going offshore often simply incur higher costs, and accept risks of which they are only dimly aware. In the past week or two some of those risks have become evident.

A.H. Hermann retraces his steps in a city which he last visited in 1967

Moscow learns how to smile a little



The changing face of Moscow: modern apartment blocks stand on the skyline behind the walls and beautifully restored churches of the Kremlin

THE HIGHWAY leading from Moscow airport to the centre of the city is as straight as a ruler, straight as the "imperial highways" of central Europe, straight as could only be designed by a planner with no public inquiry to worry about. As the bus sped forward at a steady 70 mph, I looked in vain for the picturesque wooden houses that lined the winding road by which I approached Moscow 21 years ago. With such an enormous space, here and there dotted with new buildings, I could have been in Canada.

The straight line of the Leningrad Highway, continned as Gorky Street, brought us to the Intourist hotel, at a point less than half a mile short of the Kremlin. There were hardly any stops at lights: the eight traffic lanes of Gorky Street can be crossed only by underpasses.

Twenty one years ago, the wide Moscow thoroughfares could be crossed safely even by a blind pedestrian; there was hardly any traffic except for the official limousines sailing through red lights in a display of superiority. Now the streets have a steady flow of shabby-looking Ladas moving rather faster than one would expect. Now too, the official cars are submerged in the traffic, and as part of the drive against bureaucrats their number is being reduced from 40,000 to 25,000.

The pavements, then deserted, are now full of Muscovites and there are a significant number of tourists in the centre of the city. The two groups ara no longer immediately distinguishable from each other, though a closer look will tell. There is a new fashion-consciousness, particularly among Moscow's youth.

What have completely disappeared are the childlike naive faces of visitors from the Russian countryside who in the old days roamed the city to fill their sacks with bread, and then camped for days on the railway station waiting for a train to take them home.

The facial expressions of inhabitants are often a safer witness to the state of a country than reports by political analysts. Muscovites still do not smile easily and they go about their business apparently with some anxiety. But the fear that was written large on their faces 21 years ago seems to have disappeared. In 1967 a Muscovite would have panicked when asked for directions by a foreigner, now my clumsy attempts to speak Russian were greeted with an appreciative and friendly smile.

The stores which were empty in 1967 now display a poor choice of shoddy goods; but in spite of this each counter is beleaguered by a keen and impatient crowd of would-be buyers. There is evidently more money around than can be spent. As salaries are low – £200 per month is considered an adequate income – moonlighting is the only explanation; indeed, scratching the surface reveals a lively, though not over-prosperous, grey economy. The limited degree of freedom now given to enterprising individuals and co-operatives seems so far to be no more than a legalisation of what has been going on "illegally" for donkey's years.

The Kremlin's four churches have been beautifully restored as museums, as has the magnificent Armoury with its collection of unbelievable treasures. However, it is difficult to find any architecture worth looking at elsewhere in Moscow. Stalin's Disneyesque hotels and government buildings still tower over a sea of poorly-designed and poorly-constructed apartment blocks. A number of modern hotels have mushroomed. Some, like the Medzunarodnaia (Hyatt International) are elegant and air–conditioned. The Intourist, where I had the misfortune to stay, is a 20-storey glass hox without air-conditioning which in the early June heatwave turned into the nearest thing to hell.

In the hotel nothing much has changed: the reception staff are as unhelpful and uninformed as ever, though the *dejurnaia*, the female Cerberus stationed on each floor to protect the patrons' honour is now, as a rule, slimmer, smiles and serves mineral water and tea. As before, hotel rooms have direct telephone lines to facilitate tapping, but one has the feeling that the KGB must have become tired of following the predictable antics of the tourist crowd.

Moscow has probably changed less on the surface than London over the last 21 years, but it is the underground growth of a plant which decides its future. In the course of the last year, over 80 per cent of city councillors, 12 out of 13 members of its ruling committee, and thousands of Party officials bave been removed to open the door to modern times. Moscow is bound to change faster in the next 20 years.

Letters to the Editor

Voting rights restricted

From Mr H.A. Rhee.

Sir, To deprive citizens living and working abroad of the democratic right to vote has always seemed quite unreasonable. Mr Trevor Russell (Letters, June 7) rightly points out that it makes little sense to deprive us of this right only after five, six, or seven years.

There are two other points. Most countries of the European community do not disfranchise their citizens (as do the UK and Ireland). Furthermore, when it comes to the right to elect members of the European Parliament, should not the franchise be the same for all constituencies, as it is for all electoral districts in any one single nation-state?

Numbers of UK citizens abroad are increasing. (We are particularly well represented among the readers of your paper.) I do not believe – and doubt whether you do – that we are less competent to express views on political decisions; many of which, it seems to me, affect us no less than people who stay permanently within national frontiers.

H.A. Rhee,
12 rue de Vidollet,
1202 Geneva,
Switzerland

From Mr Roland Turkel.

Sir, Mr Trevor Russel's letter (June 7) is a sensible, practical contribution to the vexed question of voting rights of British citizens resident outside the UK. As he puts it: abolish the time limit altogether.

Other European Community countries not only anabla, bnt strongly urge their citizens to vote at embassies or consulates, regardless of the number of years they have lived abroad. The result of a geoeral alection in those countries is therefore a true reflection of the political will of all their citizens.

Roland Turkel.
Résidence Le Fort Rheinsheim,
11 Boulevard Grande-Duchesse Charlotte,
L-1331 Luxembourg

'Not in my back yard' voices also have votes

From Mr Richard Griffiths.

Sir, I am surprised that the chairman of the Hampshire County Planning committee should describe the intervention of the Department of Trade and Industry (DTI) in the Bramshill planning inquiry as "unexpected," let alone "deplorable" (June 14).

Many industrialists and businessmen are very concerned at the apparently negative, restrictive approach of county planning authorities in the south east of the UK. They are anxious for voices to be raised in favour of sensible, controlled development – which does not need to damage the environment – accompanied by adequate investment in the infrastructure.

Many businessmen feel that plannsrs in counties sucb as Hampshire and Berkshire are only listening to the "nimby" ("not in my back yard") voices, who also happen to have votes, – not to those who are helping to create national prosperity through economic growth.

Perhaps the DTI was merely doing what both private and business taxpayers pay for it to do: represent the interests of industry. Perhaps, too, it is looking at wider perspectives, national and regional, as opposed to those of any one county.

Richard Griffiths,
Director Southern Region, Confederation of British Industry,
10a Hart Street,
Henley on Thames, Oxfordshire

Planned development could provide affordable housing

From Mr David Hall

Sir, In "Hunger for Homes in the Golden South" (June 4) Michael Prowse says that our grandchildren and great-grandchildren would almost certainly vote against Nicholas Ridley, the Environment Secretary, if more countryside is lost to development. But it is by no means certain that they would.

If the development was planned in tha proper way it could be a means of providing affordable housing for our grandchildren and great-grandchildren, not to mention new households now. The land would have to be acquired at its agricultural use value by a public agency such as a new town corporation, instead of at inflated development values. That corporation would need a remit to build housing to be sold or let to people on low incomes.

Such development should be located away from the green belt and beautiful areas of countryside, and should not be permitted on the edge of existing towns or as village "in-filling." A development programme of garden cities like Letcbworth and Welwyn could not only benefit our grandchildren and great-grandchildren bnt also many thousands of bouseholds currently living in high density blocks of post-war flats, chiefly in greater London.

As the new town development corporation in the south east successfully shows, there would have to be promotional effort to attract employment from greater London to the new garden cities. We would also need a national policy of encouraging economic growth away from the south east through a combination of selective Government intervention in such matters as the allocation of defence contracts, the provision of carefully defined incentives to firms relocating in the north, and exhortation to private industry to see the advantages of locating away from the south east.

The trouble with all this is that it means doing some *planning*, an activity for which the government does not have much sympathy.

David Hall,
Town and Country Planning Association,
17 Carlton House Terrace, SW1

These sites are a reservoir of wildlife

From Mr F.R. Cannings.

Sir, There is a misconception, in many a planner's mind, of the value of derelict gravel working and sewage works, as an important feature in the green belt.

These sites are an excellent reservoir of wildlife, as anyone who cares to walk through one on a sunny early summer day can discover, just by listening to the variety of bird song and observing the multitude of insect life.

There is a strong case to retain them in their present form – but as official nature reserves (a commodity in very short supply in urban areas).

Even in those developments where some land is set aside and not huilt on, it tends to be manicured and processed to the detriment of its original inhabitants. These areas may then be attractive to dog walkers and model aeroplane fliers, but the policy is not good environment management.

F.R. Canning,
51 Fontmell Park,
Ashford, Middlesex

A deep sense of unease

From Mr M.J.L. Willard.

Sir, The House of Commons has voted on the death penalty issue. Belatedly, I would like to express disappointment at the superficial treatment accorded this subject hy Justinian (June 6).

Definitions such as "barbarous anachronism" indict the writer for the very "emotion" he attributes to others. Subsequent discussion gets nowhere. The issue runs to the root of what we as citizens think and fear about violence in general and murder in particular. Most UK citizens have a deep sense of unease about our current law.

Rational arguments, Justinian maintains, are all on the sida of the abolitionists. But even his main authority, Sir Ernest Gowers, admitted that many abolitionists were only "rationalising their emotional revulsion."

It would be surprising, indeed *terrifying*, if we did not respond emotionally to murder. Justinian admits that it is logical and commonsensical to believe that the death penalty is a deterrent.

I am willing to wager that over 50m non-murdering UK citizens agree with him. This logic and commonsense does not detract from, but runs parallel with, the emotiooal satisfaction engendered by capital punishment – be that in response to ultimate revulsion, to "unfashionable" retribution, to plain fear or shared guilt. The measurable evidence appears not to show any clear deterrent effect; the deterrent does not need to be "unique"; merely effective.

We can review the history of moral philosopby from pre-Socratic Democritus to our own time to argue the case for the legal killing of those who deprive others of their lives. The sixth protocol of the European convention permits a state to employ the death penalty in the case of "emergency." If we believe in the intrinsic importance of human life, murder is an emergency.

M.J.L. Willard,
6 Rickyard Meadow,
Redbourn, Hertfordshire

Country cricket clubs represent the true, territorial county, not county council areas

From Mr Russell Grant.

Sir, Teresa McLean's article on Middlesex County Cricket Club (Weekend FT June 4-5) points up the differences between the UK's actual county structure nowadays and the earlier territorial units with which the country cricket clubs are still associated.

There are two different kinds of counties (three if you include the post office county unit): the territorial or "parent" counties, which date back to the Saxons; and the local government counties or "county councils," created at the turn of the 20th century.

Although the county council of Middlesex was abolisbed in 1965, the county – in the sense of the title Middlesex County Cricket Club – was not. The same goes for Yorkshire: as an existing entity for cricketers the "county" stretcbes from Middlesbrougb and Sedbergh in the nortb to Hull and Holderness in tbe south. (Humberside and Cleveland are mersly county councils: they command no loyalty – nor indeed need it – from ratepaying natives.)

We must not assume that the county cricket clubs are based on the county council areas. They actually represent the true, originally defined county; the territorial counties which exist to this day as they were in the days of King Alfred the Great. Whatever alterations occur to change the bureaucratically drawn boundaries of the local government county, for some purposes, as least, the naturally formed borders of the territorial counties remain consistent, unchanged.

If Middlesex does not feel like a county, as Ms McLean says it does not, that is almost entirely because the media have crushed its identity witb descriptions sucb as "north" or "west" London when locating a Middlesex town or village. Many Middle Saxons are extremely proud to come from a county with such a ricb and historic heritage. They have the same kind of pride as anyone (to say nothing of cricketers) from Lancashire and Yorkshire – as the 26,000 members of the Friends of the County of Middlesex will confirm.

Cricketers or not, it is just as natural for us in Middlesex to feel a sense of identity and belonging as a native of any other county. When we show our love and loyalty it should be treated with tbe same respect and admiration as if you were dealing witb a Lancastrian or Yorkshireman.

Russell Grant,
57 Harefield Road,
Uxbridge, Middlesex

UK COMPANY NEWS

Calor up 5.5% despite mild winter

BY CLARE PEARSON

Calor, the bottled gas company which sold its North Sea oil interests two months ago, yesterday announced pre-tax profits 5.5 per cent higher at £74.2m in the year to end-March.

To this figure, Century Power and Light, at that time a 58.52 per cent subsidiary, contributed £9.8m (£7.3m), helped by a higher oil price.

Almost all the remainder of the pre-tax figure was made up of the marketing and distribution of Calor's liquefied petroleum gas (LPG) business. This held up both in profits and turnover terms despite the mild winter.

Post-tax profits came out at £48.1m (£45m). The proposed final dividend is 10.5p, to make 16p for the year. Earnings per share worked through at 32.3p (32p).

At the pre-tax level, the LPG business made £64.4m (£64.5m) on turnover of £313.4m (£318m).

Within this, most growth was seen on the bulk side, which accounts for about half of tonnage sales.

Mr Brian Wilmot, finance director, said that he still saw encouraging scope for growth in the LPG business despite the fact that Calor already accounts for about 60 per cent of the UK market.

In the coming year, he said, the group would be seeking to "revivify" the cabinet heater side of the business, which he admitted had been neglected.

Since the year-end, Century, along with the oil interests of SHV, the private Dutch company which is Calor's main shareholder, were demerged into Acre, a separate listed company. This was bought by British Gas earlier this month.

Calor said it is "vigorously pursuing" the sale of its North American oil and gas interests, the writedown of which contributed to a £6.8m extraordinary loss.

Mr Wilmot said dividend payments at least as high as last year's, combined with about £35m of capital expenditure, should absorb Calor's cashflow in the current year. Net debt at end-March was £5m, down by £3.7m over the year.

Attributable profits were £39.4m (£42.8m).

● **comment**

Without oil, the future of Calor will be all about summoning up growth in the domestic bottled gas market in the British Isles. The company has no current plans for overseas expansion, and indeed the scope in Europe is extremely limited since SHV already has most of the things worth having. But though growth in the UK market it already bestrides may look like a "conjuring trick", it is one Calor should continue to pull off as it has in the past. There is still plenty of room left in the provision of gas to off-the-mains customers, both light industrial and domestic. Though traditionally customers have not been prepared to pay a premium for the name in bottled gas, margins might be improved by diligent attention to customer relations. The company may make £52m post-tax this year. The shares have little attraction apart from the yield, which is about the same as British Gas – justified since Calor may yet manage to shake off its aged and worthy image. There is also just the faintest chance of a bid, even though 40 per cent shareholder SHV keeps saying it just wants to sit on a stake.

Rationalisation puts NSM £29m in the red

BY MARTIN DICKSON

NSM – the new name for the refinanced Burnett & Hallamshire group – yesterday revealed that the radical rationalisation carried out on the long-troubled coal mining group by its new management led to pre-tax losses of £29.03m in the year to April 5, compared with a loss of £15.6m in the previous 12 months.

However, Mr David McErlain, who is about to step down as chief executive, said the reorganisation had placed NSM on a sound financial footing and he announced that Mr Donald Carr, a former group managing director at Tarmac, would be taking over as full-time chairman and chief executive on August 1.

Mr Carr, who became non-executive chairman of NSM in April, played an important role in Tarmac's US expansion and the growth of its building materials business in Britain. At NSM, he is expected to spearhead a new strategy of expansion by acquisition in the natural resources field. As an incentive, he is to be granted share options over 5 per cent of the company's equity at a price of 8.5p a share. That compares with last night's closing price of 9.25p, down 0.25p.

Yesterday's announcements appear to bring to a close an extraordinary 10-year chapter in the history of Burnett & Hallamshire. At the start of the 1980s it became an unlikely glamour stock as it expanded fast outside its coal-mining roots through acquisition. But the expansion was far too ambitious, financed heavily by off balance sheet borrowings. In 1985 the company came close to receivership and in the two years after that had made slow and painful progress towards financial health.

However, a dramatic reorganisation began last April as Anglo United, an opencast coal mining and distribution group headed by Mr McErlain, took a 31 per cent stake in Burnett, and injected new management. The two companies did a complex asset swap and Burnett undertook a substantial refinancing, including a £50m offer of new shares.

The new management also carried out a review of the business which led to yesterday's announcement of a £27.1m charge above the line for rationalisation costs, write-offs and losses from discontinued operations. The major items included £5.4m in respect of Rand London, its South African mining associate, which has left NSM with a 49.9 per cent stake in the business, carried in the accounts at nil value. There were also £16.4m of operational reorganisation costs.

The company's continuing businesses – which now consist only of coal mining operations in the UK and US – made a £3.7m (£6m) operating profit during the year but interest charges cut that to a pre-tax loss of £1.88m (profit of £167,000). The loss per share is 17.6p (5.9p) and there remains no dividend.

The new management says it has capped Burnett's exposure to its two other great problem areas: its remaining Californian property has been written down to £8.5m, which it believes to be the minimum disposal price and it hopes to sell the property this year; hire purchase obligations over a ship called the MV Hallam Venture have been eliminated and it will also be sold.

Edenderry into discos with £9.5m purchase

BY NIKKI TAIT

Edenderry Group, the former Irish shoe manufacturer which is being turned into a leisure group by City banker Mr Michael Ward and ex-Ladbroke Group treasurer, Mr Jeremy Howarth, yesterday announced an agreed £9.5m offer for Camden Palace Group.

The company takes in two major discotheques – the Camden Palace in London and Tito's Palace in Palma, Majorca – as well as four provincial UK discos in Hamilton, Doncaster, St Helens and Coventry. The two main operations account for over three-quarters of group profits.

Shares in Camden Palace had previously been traded by Afcor Investments, the licensed dealer which went into receivership a month ago, following a placing of 2m shares (20 per cent of the equity). Yesterday, the group's advisers, Chase Investment Bank, conceded the recent lack of a market for CPG's 300 shareholders had been one factor behind acceptance of the offer.

However, Chase added that it viewed the offer as "fair and reasonable", and the bid is being recommended by all but one of the board. The dissenter is Mr Broderick Munro-Wilson, the largest shareholder in Munro Corporate, the corporate finance operation which owned Afcor. Mr Munro-Wilson considered Camden to have a higher value.

Under the bid, Edenderry is offering either 147 new shares or £83.50 in cash for every 100 CPG shares. Irrevocable undertakings to accept have been received in respect of 7.37m Camden shares (73.7 per cent), and the paper alternative will be accepted in respect of not less than 3.35m shares. Yesterday, Chase said it believed shares of CPG had traded up to 89p in the past.

According to Mr Ward, Edenderry plans to develop a disco division as one of three legs to the business – the others being theme pubs, and convenience restaurants. The cash consideration will be met from the group's own resources. There is currently a £3m net cash balance, said Mr Ward.

Edenderry, which recently acquired Ladbroke's Lanton Leisure subsidiary, now plans to change its name to European Leisure.

Leisure Invs makes two bids of £22m to expand restaurant arm

BY NIKKI TAIT

Leisure Investments, amusement centre and snooker club group, yesterday announced two bids worth more than £22m which, if successful, will give the group an enlarged restaurant chain with some 50 London outlets.

The larger offer is for Theme Holdings, the restaurant and leisure group with shares traded on the Third Market. Theme has eight outlets operating under the Brasserie, Cantina and Fatso's Pasta Joint names. It also owns cocktail bar and restaurant Coconut Grove, has acquired a couple of health club interests, and has expanded in pubs, wine bars and restaurants in the City.

The terms of the offer are 25 Leisure shares plus £24.05 in cash for every 74 Theme shares. With Leisure 1p lower yesterday at 110p, that values each Theme share at just under 70p and the entire group at about £16.8m. The cash element comes from Leisure's existing resources, expanded by a £12.2m rights issue earlier this year. Theme shares gained 12p to 70p yesterday.

The deal has the backing of Theme directors, who, together with Ensign Trust and Guidehouse, have given irrevocable undertakings to accept in respect of 50.001 per cent of the shares. Latest results from Theme, for the year to end-October, showed pre-tax profits up from £407,000 to £711,000, on sales of £6.71m.

The second bid is likely to be contested, however. It comprises a £5.5m all-paper offer for Bentley's of Piccadilly. Its shares used to trade under rule 535 but this facility has since been barred by the Stock Exchange. No accounts have been filed since the year ended December 1986.

Leisure said that it had held talks with Bentley's, but last night Mr Ronnie Aitken, Bentley's chairman, described the current offer as "ludicrously low". A formal response from the company, which added that very friendly talks were taking place at a much higher level, is expected next week.

The terms of the offer are eight Leisure shares for every 111 Bentley's. Bentley's operates 17 restaurants and a chain of five MacArthurs hamburger restaurants.

Charterhall sees profits of £4.5m

By Ray Bashford

Charterhall, the investment company controlled by Australian entrepreneur Mr Russell Goward, estimates net profits after tax for the six months to June 30 of £4.5m.

A scheme to offer shareholders bonus shares instead of a cash dividend will be put to shareholders at the annual general meeting on July 12.

Mr Goward acquired a controlling interest in Charterhall, an oil exploration group in 1986, and sold-off substantial assets as the company was converted into a diversified investment group.

Era builds stake in E&G

BY ALICE RAWSTHORN

Era Group, the furniture and toy retailer now controlled by the former senior executive team of Combined English Stores, has built up a holding of at least 2 per cent in Ellis & Goldstein, the womenswear manufacturer fighting a £26m bid from Berkertex.

It was announced yesterday that Era bought 600,000 shares in E&G earlier this week. There has been no discussion between the boards of the two groups. E&G detected unusually heavy trading in its shares yesterday – the price rose by 4p to 112p – but it has not yet identified the source.

Three weeks ago Berkertex, also a womenswear manufacturer, mounted a cash bid for E&G, best known for its Eastex and Dash collections. The bid – offering 95p a share – was rebuffed by the E&G board.

Era was formed in November by three former CES executives – led by Mr Murray Gordon as chairman – who had left the retail group following its takeover by Next.

The group, which originally traded as "The Times" Veneer, now embraces Lexterten, a maker and retailer of furniture, Kohnstam, which distributes and retails toys, and Royston, a distributor of furniture accessories. It reported pre-tax profits of £5.4m on sales of £50m in 1987.

The new Era management team has made no secret of its intention to expand, by acquisition, into specialist areas of retailing.

COMPANY NEWS IN BRIEF

ALLIED TEXTILES has acquired Sutcliffe Silks for a consideration to be satisfied in part by the issue of 47,239 ordinary. Bradford-based Sutcliffe manufactures and sell ribbons and bows.

BETT BROS: As a result of purchases made by John Govett & Co. on behalf of a client under its discretionary management of 25,000 and 11,500 ordinary shares, the aggregate number now held is 3.45m (23 per cent) ordinary.

CONSOLIDATED VENTURE Trust net assets at April 30 1988 were £27.8m (£25.4m at end January) and NAV was 279p (254.25p) per share.

COSALT is paying £1.35m for Workwear Rentals and Roko Workwearcompanies, under common control and based in Stockport, Greater Manchester. Workwear makes work clothing while Roko leases manufacturing facilities to Workwear. Consideration for Workwear is £1.2m and £150,000 for Roko, both payable in cash.

ENGLISH CHINA Clays' industrial minerals offshoot, ECC International, has acquired Granulati Carbonati Carrara, a calcium carbonate milling operation in the Massa-Carrara area of north-west Italy, for £2.3m.

KLEINWORT CHARTER Investment Trust: Net earnings for half yearto May 31 1988 £1.42m (£1.04m) and earnings per share 1.75p (1.28p). Interim dividend 0.95p (0.875p). Net assets per share 151.3p (168.5p).

MORGAN CRUCIBLE annual meeting told that the order position remained very strong and first quarter 1988 results were well up on last year.

PRIEST MARIANS has increased its beneficial holding of shares in Marler Estates to 5.2m with the purchase of a further 500,000 at 72p each.

STRATA INVESTMENTS: Attributable revenue for half year to April 30 1988 was £48,997 (£866), after tax £26,319 (£4,119). Net assets £21.49m (£23.55m).

ZETTERS LEISURE: Pre-tax profits £1.48m (£1.16m) and turnover £11.19m (£9.6m) for year to March 31. No final dividend for a 0.55p total. Earnings 6.2p (5.5p). Comparisons are demerger accounted.

Virgin sells 67 shops to W.H. Smith for £23m

By Maggie Urry

W.H. Smith, the retail and wholesale group, is paying £23m in cash to Virgin Group, the leisure company, for 67 of its smaller, recorded music shops and seven sites for new shops. Virgin will retain its megastores.

The Virgin shops will be added to Smith's Our Price chain of music shops, taking the total to 275 stores. Smith bought Our Price in April 1986 for £43m, and has expanded it since.

With the enlarged Our Price chain and Smith's main newsagent and stationery chain, Smith claimed it would increase its share of the recorded music market – which includes tapes and compact discs as well as gramophone records – from 19 to 22.5 per cent.

The shops being sold, which have a total sales area of 115,000 sq ft, made an operating profit of only £89,000 in the year to end-July 1987. They are expected to contribute more than £40m of turnover to Our Price, which itself generated sales of £100m in 1987-88.

Mr Malcolm Field, group managing director of Smith, said that the conversion of the Virgin shops would be rapid.

The deal had been under negotiation since last September.

Mr Field predicted that by the autumn the Virgin shops would be making a similar margin on turnover as the existing Our Price outlets. Smith does not disclose profits of its individual chains.

The £23m purchase price includes up to £8m for stock and £6m of fixed assets. Stockbroking analysts said that so long as Mr Field's target on margins was met, the price was not high.

The acquired shops are mainly sited in the Midlands, the North of England and Scotland, while Our Price is a southern-based chain.

Only in six locations are there both an Our Price and a Virgin shop, said Mr Field. If the two could both operate profitably they would be kept open. Otherwise one could be converted to one of Smith's other chains.

Virgin said it was selling the shops because they had made inadequate returns for a number of years and did not fit in with its plans to be a leading, worldwide entertainment and communications group.

High central costs had been too much for the small stores to bear, Virgin said. However, it has plans to open more of its megastores – which sell a wider range of music as well as videos, books and games – in the UK and overseas.

Stainless Metalcraft returns to the black

Stainless Metalcraft has returned to profit with £115,000 pre-tax for the half-year ended February 29, and is maintaining the interim dividend at 2p.

Apart from the Stillage Support Structure contract for BNFL, the outlook was modestly encouraging, the directors stated. In particular, orders from Oxford Instruments should make a significant contribution to the year's results.

The recovery was from a loss of £276,000 sustained in the second half of 1986-87, but was still well short of the £414,000 profit made in the opening six months of that year.

The group makes stainless aluminium and exotic metals for the nuclear, medical and aerospace industries. It remained difficult to predict the contribution from the Stillage Contract (now completed) because of its long-term nature. Reorganisation proposals were being developed which would enable the board to seek opportunities in related fields.

Turnover rose from £4.4m to £6.57m. Earnings worked through at 1.3p (4.9p) per share.

The contribution from Ferraris Instruments, medical instrument maker, was satisfactory although its profitability reflected the weakness of the US dollar given the large percentage of exports to North America.

Taylor Woodrow

Taylor Woodrow had made a promising start to the year, the chairman told the annual meeting. A substantial volume of new construction work had been secured and the order book stood in excess of a record £1bn.

The value of the property assets had grown from £124m to £521m since 1980, he said, and produced a substantial rental income.

John Swan growth

John Swan & Sons, live stock auctioneer and estate agent, lifted its pre-tax profit by 15 per cent to £204,000 in the year ended April 30 1988. Turnover rose 9 per cent to £1.2m.

Earnings worked through at 20.6p (17.7p) and the dividend is lifted to 10.5p (9.5p).

The current year started well for the company, which operates in the south east of Scotland.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Berkeley Group	fin	2.5	Aug 17	1.65	3.5†	2.5
Calor Group	fin	10.5	Aug 15	-	16	-
Chloride Group	fin	1.5	Aug 15	1.9	2†	1.9
Cranswick Mill §	fin	3.7	-	3.7	5.55	5.55
Kleinwort Chart	int	0.95	-	0.88	-	2.83
Renold	fin	1	-	1.3	1.5	1.3
Sec. Archives §	fin	2.4	Aug 30	-	2.4	-
Stainless Metal	int	2	-	2	-	4.5
Swan (John)	fin	10.5	-	9.5	10.5	9.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

Mild winter slows Chloride growth

BY RAY BASHFORD

Chloride Group, which has been forced to concentrate efforts on consolidation of its ailing battery operations, returned an expectedly modest 6.5 per cent increase in pre-tax profit from £17m to £18.1m in the year to March 31.

Sir Michael Edwardes, chairman, said the result had been adversely affected by a £2.8m decline in the sterling equivalent of dollar converted profits and the exceptionally mild winter which led to low demand for automotive replacement batteries.

Turnover during the same period improved 13 per cent to £308m (£268m) with turnover in the UK showing the largest improvement, up 43 per cent to £132m (£115m).

Chloride also announced the acquisition of a 51 per cent stake in Altus Corporation, a San Jose, California lithium battery group for $12.5m (£7m).

Mr Kent Price, the chief executive, said the purchase would provide a base for expansion in the US industrial battery market following the cuts at the height of Chorlide's problems during the 1985-86 financial year.

Altus has developed lithium battery technology, which Mr Price believes Chloride will be able to employ in the development of batteries for use in portable industrial and consumer products.

The San Jose company had a turnover of $28m in the year to December 31 and returned a net profit of $1.1m.

Chloride expects the benefits of a cost saving programme to flow during the current year. The programme comprised rationalisation of its European automotive battery business, including the closure of Danish operations and the consolidation of power supplies activities in the UK on a new manufacturing site as part of a major cost saving programme.

The company's tax rate declined from 47 per cent to 38 per cent, reflected in a decline in tax charges from £8.3m to £6.9m.

The operating profit emerged at £24m (£23.6m) of which the UK made a £12.7m (10.1m) contribution while the recently reformed Asian operations, grouped under Chloride Eastern Industries, returned £8.8m (£9m).

The board has recommended a final dividend of 1.5p, lifting the total to 2p, compared with 1.9p in the previous 12 months.

● **comment**

Yesterday's figures gave little scope for enthusiasm and left some analysts considering a downward revision in their profit predictions for the current year. The over-riding reservation centres on the company's ability to struggle against the increasingly aggressive competition in the battery business, from which it derives around 80 per cent of its profits. However, the possibility of another mild winter and further industrial unrest at plants in the UK remains a more immediate cause for concern. The shares fell 4p to 49p yesterday. Assuming pre-tax earnings of £23m this year, this puts the company on a prospective p/e of 10.

Spalvins raises CU stake

BY OUR FINANCIAL STAFF

Adelaide Steamship, the investment vehicle of Mr John Spalvins, the Australian investor, has once again raised its stake in Commercial Union, the composite insurer, with a purchase of 4.1m shares. This takes his total holding in the group to 7.004 per cent.

The share price responded by easing 2p on the day to close last night at 402p, after some strong gains in the few weeks since June 1, when CU was trading at around 380p.

The market's apathy at confirmation that Mr Spalvins had been buying again reflects the conviction in the City generally that he is merely trying to lift CU's share price, rather than positioning himself for a full bid.

Adelaide Steamship first appeared as a sizeable shareholder in CU last year, when it built up a 4.7 per cent stake just before October's crash.

Polly Peck in Dutch and US expansion

By David Waller

Polly Peck International, agriculture, electronics and textile group, is spending £18m in shares and cash to acquire two food distribution companies and to pay a tranche of deferred consideration to the vendors of Capetronic, the consumer electronics company it bought last October.

Mr Tony Reading, Polly Peck's group managing director, said the two acquisitions were part of the company's strategy of expanding its agricultural interests. It is venturing into the US with the purchase of Prevor Marketing for $12m (£6.7m) and into Holland with that of Jas van den Brink Group, for Fl 33m (£9.4m).

Prevor is a major US importer/exporter of fresh fruit and vegetables, and achieved pre-tax profits in its last financial year of $230,000 on turnover of $48.6m. The Brink Group is a similar company based in Rotterdam which made pre-tax profits of Fl 500,000 on sales of Fl 116.5m.

A performance related bonus, amounting to $7.9m in cash and shares, is payable to the vendors of Capetronic.

Ward White offer is unconditional

Ward White, the acquisitive retail group, yesterday declared its improved and agreed £130m bid for A.G.Stanley unconditional as to acceptances. Ward White has received acceptances from holders of 80 per cent of the DIY retailer's ordinary shares, and 75.4 per cent of the convertibles. Shareholders with just 14.5 per cent accepted Ward White's revised cash offer, which closed yesterday afternoon.

Security Archives beats forecast

For the year ended March 31 1988 Security Archives (Holdings) has beaten the profit forecast made when it came to the USM last October.

It achieved £705,000 pre-tax, compared with £655,000 estimated and with £453,000 reported for 1986/87. Turnover rose from £2.15m to £2.78m.

The rise in profit reflected the higher turnover and sound control of costs, said Mr Clive Richards, the chairman of this business data storage company.

Further ambitious targets had been set for the current year and to date they were being achieved, he added.

Earnings in the past year came to 10.2p (7p) and the final dividend is the promised 2.4p.

John Foster in £2.7m call for new machinery

By Alice Rawsthorn

John Foster, the wool textile group renowned for its luxury cloths and for the award winning Black Dyke Mills brass band, is staging a one-for-four rights issue to raise £2.7m for investment in new machinery.

The offer price is 125p per share. The market price, which has risen rapidly since the preliminary results were announced last month, fell by 7p to 146p yesterday. Cazenove is broker and County NatWest is underwriter to the issue.

Initially the money raised will be used to eradicate Foster's borrowings. The level of gearing, which reached 80 per cent two years ago when its Middle Eastern markets declined, now stands at under 50 per cent.

The money will also be used to increase capital expenditure. Mr Victor Watson, chairman, said: "Investment is more important to us than ever these days and the rights issue will give extra fire power for our expenditure programme."

Over the next year Foster intends to invest at least £1m in new weaving and spinning machinery at Black Dyke Mill, near Halifax. The bulk of the investment will be on weaving, where capacity will increase by up to 20 per cent.

Mr Watson said that the additional capital will also enable the company to embark upon acquisitions, should suitable opportunities arise.

General Investments, an Australian group with interests in wool textiles, has a 16.8 per cent holding in Foster.

Renold expands to £3.7m

Renold made a profit of £3.7m in the year ended April 2, against virtually break-even in the previous period.

A volume rise of 5 per cent helped turnover of this maker of power transmission products and machinery to £131.5m, up from £128.4m. That led to a trading profit of £6.5m, against £3.4m, with an increase in the UK from £1.4m to £3.9m. Interest payable was cut by £500,000.

After tax of £1.5m (£1.9m) there was a net profit of £2.2m (loss £1.8m). Allowing for minorities and an extraordinary charge of £900,000 (£2.9m), the profit for the year was £200,000 (loss £5.7m).

The final dividend is a proposed 1p for a total of 1.5p, compared with 1.3p.

Mr Peter Frost, chairman, said good progress was being made in the current year. The increased dividend was "an indication of how we feel about the company's prospects."

The group started the current year with much stronger order books. Reorganisation will continue but, with benefits from actions already taken, that should lead to progress towards the objective of an acceptable level of profits. In 1985-86 the group earned £7.6m, including an exceptional £1.3m.

Greater emphasis was being put on better management of working capital which should be reflected in a further reduction of gearing.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
150	F.P.	8/7	164	153	ASW Hldgs. 25p	162	-2	W7.3	2.5	6.0	8.9
§135	F.P.	-	152	147	§Acal 5p	149	-1	L3.5	3.5	3.1	11.8
§280	F.P.	-	280	280	Anglesey Mining Units 9p	280		-	-	-	-
-	F.P.	-	11	7	*Beckenham Grp. Wrrnts.	11		-	-	-	-
330	120	-	80	64	British Petroleum	66	-2½	M12.5	1.5	6.0	13.7
§80	F.P.	-	100	80	§Central Motor Auctions	98	+2	p2.5	2.0	3.4	14.4
§150	F.P.	-	163	158	Colroy 10p	150	-2	M4.0	3.4	3.4	9.1
-	F.P.	-	18	4	Cullens Hldgs. Wrrnts	15		-	-	-	-
§105	F.P.	-	116	112	Dauphin 5p	115	-1	L3.0	2.9	3.5	12.5
§165	F.P.	-	178	165	§Domestic & Gen. Grp 10p	176		R6.2	1.8	4.7	12.5
§165	F.P.	1/7	181	178	§Everest Foods 10p	180		R5.5	3.0	4.1	11.1
-	F.P.	-	424	417	Gandalf Tech. Inc.	417	-7	-	-	-	-
100	F.P.	-	99	96	Govett Am. Endeavour Fd.	97	+1	-	-	-	-
†	F.P.	-	105	90	Guinness Mahon Hldgs. 10p	101		-	-	-	-
§100	F.P.	8/7	110	100	§HPC Group 12½p	108	-1	W3.3	2.2	4.1	12.1
§125	F.P.	18/5	150	125	§Handley-Walker 5p	146	-2	u3.3	2.4	3.0	16.1
§65	F.P.	-	73	64	§Harding Group 10p	66		u2.5	2.2	5.1	11.1
§150	F.P.	7/7	160	150	Herring Son & Daw Hldgs	151	-2	12.5	3.3	2.2	18.5
140	F.P.	10/6	149	140	§Holders Technology 10p	148		u6.0	2.0	3.4	12.2
§64	F.P.	20/4	80	64	§Hughes (H.T.) 10p	79	-1	b2.25	2.1	3.8	14.6
§125	F.P.	1/7	125	116	Isoped Intl. 10p	116	-4	L4.0	3.1	4.6	9.3
-	F.P.	-	57	40	Marvenale "S"	45		-	-	-	-
§110	F.P.	20/5	126	118	§Microlec Group 5p	121		R2.9	3.0	3.2	13.8
-	F.P.	-	16	3	Oceonics Group Wrrnts	16		-	-	-	-
†	F.P.	-	63	50	Page (Michael) Group 2p	51	-1	W1.3	3.2	3.4	12.4
165	F.P.	27/7	193	172	Prowting 20p	180		W4.25	3.5	3.1	12.2
§195	F.P.	-	247	198	Rechem Envtl. Servs.	240	-4	u4.5	2.5	2.5	21.3
§130	F.P.	1/7	140	133	§Sanderson Electronics 5p	133		R3.9	2.8	3.9	12.2
§230	F.P.	3/6	240	230	Sarco Group 2p	237	+1	R7.0	3.1	3.9	10.9
§95	F.P.	22/6	95	87	§Shani Group 10p	87	-1	R3.4	2.7	5.2	9.0
§105	F.P.	-	119	114	Shaw (Arthur) 10p	114		13.3	2.8	3.9	12.4
$18	F.P.	-	£10	945	Sotheby's Hldgs. Class A	990		sn025c	6.2	1.4	11.7
§	F.P.	-	181	173	§Southnews 5p	181	+1	14.2	3.3	3.1	10.9
†	F.P.	-	£27⅛	£22⅞	Texas Instruments $1	£26¾	-⅛	QS0.72	-	1.5	-
125	F.P.	1/7	134	128	Thorntons	130		R2.1	3.7	2.0	18.0
§85	F.P.	-	86	81	§Total Systems 5p	81		R2.5	2.1	4.1	15.1
§140	F.P.	-	146	136	Waterman Partnership 10p	137		R4.5	3.0	4.4	10.2
§145	F.P.	-	163	156	§Young Group 10p	163	+2	L6.3	2.8	9.2	9.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	142½	129½	AA & M Group 10pc Cv. Un. Ln. 1998	142½	
100	F.P.	-	8	5	AMEC 6.5p Cnv Cv Pf	6	-1
100p	F.P.	-	115p	112p	Billingsgate City Secs. Cm. Pf. 1p	113p	-1
-	F.P.	-	107p	104p	Cooper (F.) 6.5p Cv Rd Prf 10p	104p	-3
$97.08	F.P.	2/9	96¼	96½	Enterprise Oil 10¼pc. Un. Ln. 2013	98¼	
121p	F.P.	-	130p	123p	Granada Grp New 7.5p Net. Conv. Prf	130p	
$100p	F.P.	-	102p	101p	§Great Southern Grp. 6.75p Cm. Prf.	101p	
100p	F.P.	-	115p	107p	Johnson Grp Cleaners 7.5p Cv. Pf.	115p	+3
100	F.P.	1/7	95⅛	94½	Lon. & Prov. Shop 10% 1st Mtg. Db.	94¼	-1½
-	F.P.	-	100⅛	99⅛	N'wide Anglia 9½pc Bd. 8.5.89	99⅞	
-	F.P.	-	100	99⅞	Do. 8⅞pc Bd. 30.5.89	99⅞	
100	F.P.	-	105p	100p	Ratners 6.25p Cv. Cm. N/V Rd. Prf.	104p	
160	F.P.	-	112p	111p	Prowting 8.8pc Cm. Rd. Prf. 2002	112p	
100p	F.P.	-	92p	90p	Selective Assets Eq. Un. Ln. 2013	92p	
$100p	F.P.	-	102p	101¼p	Watmoughs 8¼pc Cm. Rd. Pf. 2006	101¼p	-½

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
150	Nil	-	30pm	27pm	Control Techniques 10p	27pm	-2
125	Nil	15/7	30pm	6pm	Ewart	6pm	-1
50	Nil	-	9pm	5pm	Grand Central Inv. Hldgs. 10p	5pm	
700	Nil	1/7	785pm	715pm	International Inc. Prop.	770pm	-5
110	Nil	-	7pm	3pm	Kwik-Fit Hldgs. 10p	6½pm	-½
525	Nil	-	76pm	15pm	Monarch Resources 10p	18pm	
21	Nil	26/7	29pm	21pm	Telemetrix 5p	28pm	+1

‡ Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. H Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Issued in connection with reorganisation merger or takeover. ‖ Allotment price. ‡ Unlisted Securities market. ◊ Official London listing. □ Including warrants. * Third Market.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	THURSDAY JUNE 16 1988 — US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	WEDNESDAY JUNE 15 1988 — US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX — 1988 High	1988 Low	Year ago (approx)
Australia (88)	145.65	+1.4	120.87	120.03	3.73	143.71	119.26	119.05	145.74	91.16	137.15
Austria (16)	86.82	+0.2	72.05	79.05	2.59	86.65	71.91	78.88	98.18	84.35	86.29
Belgium (63)	123.12	+0.6	102.17	111.58	4.51	122.33	101.52	110.87	139.89	99.14	117.16
Canada (125)	125.42	-0.2	104.08	110.21	3.06	125.61	104.24	110.56	125.61	107.06	126.59
Denmark (39)	129.85	-1.4	107.76	117.89	2.46	131.65	109.26	119.03	132.72	111.42	120.74
Finland (25)	139.37	+0.2	115.66	120.99	1.74	139.11	115.45	121.06	139.53	106.78	–
France (128)	95.89	-1.9	79.57	88.93	3.64	97.73	81.11	90.64	99.62	72.77	106.49
West Germany (99)	77.25	-0.8	64.10	70.42	2.63	77.89	64.64	70.98	80.79	67.78	93.01
Hong Kong (46)	108.34	-0.2	89.91	108.54	4.22	108.50	90.04	108.75	108.50	84.90	124.46
Ireland (18)	141.54	+1.6	117.46	130.35	3.64	139.31	115.61	128.47	141.54	104.60	129.86
Italy (102)	70.50	+1.1	58.51	68.61	2.93	69.76	57.89	67.78	81.74	62.99	101.62
Japan (456)	174.67	+0.2	144.95	138.84	0.52	174.35	144.69	139.09	177.27	133.61	155.94
Malaysia (36)	145.94	+0.8	121.11	144.87	2.51	144.78	120.15	143.83	145.94	107.83	170.47
Mexico (14)	171.80	+0.7	142.57	428.27	1.17	170.64	141.61	425.37	176.90	90.07	256.95
Netherland (38)	106.12	-1.2	88.06	95.41	4.85	107.39	89.12	96.49	110.66	95.23	118.85
New Zealand (21)	84.05	+1.2	69.75	63.03	5.73	83.02	68.90	62.72	84.05	64.42	100.20
Norway (25)	124.60	-1.8	103.40	107.60	2.80	126.82	105.25	109.48	132.23	98.55	138.97
Singapore (26)	123.33	+0.9	102.35	115.03	2.18	122.20	101.41	114.09	123.33	97.99	142.59
South Africa (60)	131.05	+0.4	108.75	86.15	5.10	130.57	108.35	86.16	139.07	118.16	158.23
Spain (42)	161.28	-0.5	133.84	141.37	3.07	162.06	134.49	142.05	164.47	130.73	114.42
Sweden (36)	123.38	+0.0	102.39	110.92	2.56	123.33	102.34	111.00	125.50	96.92	115.38
Switzerland (55)	80.84	-0.2	67.09	73.22	2.33	81.00	67.22	73.62	86.75	75.60	95.41
United Kingdom (327)	138.24	-0.4	114.72	114.72	4.29	138.76	115.16	115.16	141.18	123.09	151.37
USA (578)	110.06	-1.5	91.34	110.06	3.56	111.69	92.69	111.69	111.69	99.19	125.17
Europe (1013)	109.35	-0.5	90.74	95.74	3.73	109.90	91.20	96.23	110.82	97.01	121.45
Pacific Basin (673)	170.91	+0.2	141.83	136.75	0.71	170.53	141.52	136.94	172.26	130.81	153.98
Euro-Pacific (1686)	146.29	+0.0	121.40	120.43	1.62	146.29	121.40	120.73	147.53	120.36	141.00
North America (703)	110.88	-1.4	92.02	110.09	3.53	112.43	93.30	111.64	112.43	99.78	125.24
Europe Ex. UK (686)	91.42	-0.6	75.87	83.87	3.23	91.99	76.34	84.39	92.99	80.27	102.87
Pacific Ex. Japan (217)	125.60	+0.9	104.23	110.46	3.88	124.53	103.34	109.91	125.60	87.51	130.09
World Ex. US (1885)	145.44	+0.0	120.69	119.87	1.70	145.44	120.69	120.17	146.49	120.26	140.75
World Ex. UK (2136)	131.15	-0.5	108.84	116.66	2.08	131.77	109.36	117.43	131.77	111.77	133.02
World Ex. So. Af. (2403)	131.76	-0.5	109.35	116.68	2.27	132.39	109.87	117.42	132.39	113.26	134.49
World Ex. Japan (2007)	111.18	-1.0	92.26	105.02	3.63	112.25	93.15	106.06	112.25	100.00	124.53
The World Index (2463)	131.76	-0.5	109.35	116.47	2.29	132.38	109.86	117.21	132.38	113.37	134.64

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,600	General Accident	465	Prudential	4,700
Allied-Lyons	3,200	General Elect.	3,100	Racal	6,500
Amstrad	1,200	Glaxo	1,000	Rank Org.	423
Argyll Group	2,100	Globe Investment	90	RMC	60
Assoc. Brit. Foods	455	Granada	195	RHM	2,100
BAA	1,200	Grand Met	889	Reckitt & Colman	120
BAT	1,400	GUS "A"	214	Redland	734
BET	1,400	Guardian R.E.	265	Reed Intl.	2,000
BICC	157	GKN	1,200	Reuters "B"	1,100
BOC	601	Guinness	465	RTZ	1,700
BPB Inds	587	Hammerson	81	Rolls-Royce	2,400
BTR	1,300	Hanson	6,500	Rothmans "B"	1,300
Barclays	1,700	Hawker Siddeley	309	Rowntree	760
Bass	691	Hillsdown Holdings	2,100	Ryl Bank Scotland	150
Beecham	4,200	IMI	1,200	Royal Insurance	519
Blue Arrow	2,000	ICI	1,600	STC	2,600
Blue Circle	1,000	Inchcape	1,400	Saatchi & Saatchi	4,500
Boots	1,400	Jaguar	700	Sainsbury	1,100
Brit. Airways	6,400	Ladbroke	198	Scott & Newcastle	2,900
Brit. Aerospace	1,100	Land Securities	1,000	Sears	6,100
Brit. & Comm.	3,000	Laporte	95	Shell Transport	2,400
British Gas	16,000	Legal & General	1,500	Smith & Nephew	1,200
BP	5,900	Lloyds Bank	1,100	Standard Chartered	603
Brit. Telecom	3,200	LASMO	3,400	Storehouse	1,600
Burmah Oil	278	Lonrho	807	Sun Alliance	113
Burton	2,400	Lucas	767	T & N	1,300
Cable & Wireless	2,000	MEPC	688	TSB	2,500
Cadbury Schweppes	4,600	Marks & Spencer	2,500	Tarmac	2,000
Coats Viyella	717	Maxwell Comm.	601	Tesco	2,200
Commercial Union	3,500	Metal Box	1,600	THORN EMI	627
Cons. Gold	384	Midland Bank	1,400	Trafalgar House	2,000
Cookson	752	NatWest Bank	2,100	Trusthouse Forte	4,800
Courtaulds	1,000	Next	1,500	Ultramar	3,400
Dalgety	2,200	Northern Foods	269	Unilever	2,300
Dee Corporation	1,100	Pearson	185	United Biscuits	1,700
Dixons	1,300	Pearl Group	463	Wellcome	703
English China Clays	660	P & O	660	Whitbread "A"	1,800
Enterprise Oil	1,400	Pilkington	8,200	Williams Holdings	1,400
FKI Babcock	580	Plessey	6,300	Wimpey	533
Fisons	2,700			Woolworth	1,100

ECONOMIC DIARY

TODAY: Mrs Margaret Thatcher, Prime Minister, expected to address Welsh Conservative Party conference in Llandudno.

TOMORROW: National Savings monthly progress report (May). Economic summit opens in Toronto (until June 21). Mr Bob Hawke, Australian Prime Minister, visits US (until June 25).

MONDAY: Confederation of British Industry monthly trends enquiry (June). London and Scottish banks monthly statement (May). Provisional estimates of monetary aggregates (May). Start of two-day European Community transport council meeting in Luxembourg. Conference on nuclear-free zones in East Berlin. US-Greek talks on military bases in Athens.

TUESDAY: Financial Times Conferences/National Bank of Hungary hold conference "Doing business with Eastern Europe" in Budapest (until June 22). Gross domestic product (first quarter-provisional). Mr Norman Fowler, Employment Minister, presents export awards for small businesses at Savoy Hotel, London.

WEDNESDAY: Cyclical indicators for the UK economy (May). New construction orders (April-provisional). European Community internal market council meets in Luxembourg. Mrs Margaret Thatcher to address Canadian Parliament. TUC General Council meets to discuss EETPU issue in London. CBI statement. The Economist holds conference "Training and developing Britain's managers – the management charter initiative and its implications" at Royal Lancaster Hotel, London.

THURSDAY: Manufacturers' and distributors' stocks (first quarter-revised). European Community fisheries council meets in Luxembourg. NUM annual conference in Great Yarmouth (until July 1). Latin American foreign ministers meet in Mexico to discuss to discuss regional debt.

FRIDAY: European Community industry council meets in Luxembourg. Nominations close for leadership of Social and Liberal Democrats Party. King's Cross inquiry due to close.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section	Friday June 17 1988 — Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu Jun 16 Index No.	Wed Jun 15 Index No.	Tue Jun 14 Index No.	Year ago (approx) Index No.	Highs and Lows Index — 1988 High	1988 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (208)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (35)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (187)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (35)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (92)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (122)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	981.37	-2.7	9.82	6.49	13.16	26.67	1008.00	1009.53	1008.80	1228.07	1009.53 15/6	823.41 6/4	1399.56 17/7/87	[illegible]
68	Merchant Banks (11)	370.99	+0.7	–	3.75	–	3.94	368.51	371.40	373.87	401.18	378.23 9/6	334.73 5/4	547.59 12/10/87	31.21 7/1/75
69	Property (51)	1242.35	-0.6	4.87	2.59	26.25	11.21	1249.48	1258.31	1256.83	1217.56	1258.31 15/6	975.44 4/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (30)	388.96	-0.4	9.98	4.80	12.45	5.96	390.59	392.15	393.42	515.76	401.37 22/3	370.51 8/2	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (79)	898.95	-0.3	–	2.98	–	10.24	901.78	904.27	899.47	1060.85	904.27 15/6	784.91 4/1	1207.98 5/10/87	71.12 13/12/74
81	Mining Finance (2)	543.73	—	8.89	3.46	12.72	8.12	543.48	536.88	532.47	492.42	543.73 17/6	385.04 8/2	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1137.88	-0.2	10.20	4.92	11.52	27.23	1140.67	1136.73	1131.40	1051.35	1142.22 3/6	969.88 4/1	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (711)	956.27	-0.6	–	4.17	–	14.09	962.26	965.71	963.35	1137.25	965.71 15/6	870.19 8/2	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Jun 16	Jun 15	Jun 14	Jun 13	Jun 10	Year ago				
	FT-SE 100 SHARE INDEX ‡	1850.1	-11.8	1854.2	1838.0	1861.9	1869.3	1866.2	1838.8	1849.8	2266.1	1869.3 15/6	1694.5 8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jun 17	Day's change %	Thu Jun 16	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.39	-0.20	122.63	–	5.51
2	5-15 years	139.54	-0.35	140.02	–	6.46
3	Over 15 years	148.84	-0.42	149.47	–	6.67
4	Irredeemables	165.88	-0.42	166.58	–	6.31
5	All stocks	136.42	-0.31	136.85	–	6.19
	Index-Linked					
6	5 years	128.16	-0.04	128.21	–	8.51
7	Over 5 years	121.24	-0.08	121.34	–	1.46
8	All stocks	121.64	-0.08	121.73	–	1.37
9	Debentures & Loans	119.61	-0.19	119.83	–	5.88
10	Preference	93.17	-0.04	93.21	–	3.22

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jun 17	Thu Jun 16	Year ago (approx.)	1988 High		1988 Low	
	British Government								
1	Low	5 years	8.95	8.84	8.11	9.14	13/1	8.38	18/4
2	Coupons	15 years	9.25	9.18	8.87	9.83	13/1	8.90	18/4
3		25 years	9.07	9.02	8.88	9.57	13/1	8.82	18/4
4	Medium	5 years	9.41	9.32	9.01	9.85	13/1	8.75	18/4
5	Coupons	15 years	9.44	9.38	9.12	10.01	13/1	9.12	15/3
6		25 years	9.26	9.20	9.12	9.79	13/1	8.99	14/3
7	High	5 years	9.50	9.41	9.18	9.94	13/1	8.84	18/4
8	Coupons	15 years	9.59	9.52	9.24	10.16	13/1	9.26	15/3
9		25 years	9.33	9.26	9.82	9.82	13/1	9.03	15/3
10	Irredeemables	†	9.14	9.06	8.92	9.51	13/1	8.65	18/4
	Index-Linked								
11	Inflation rate 5%	5yrs.	2.65	2.62	2.45	3.08	8/1	2.09	30/3
12	Inflation rate 5%	Over 5 yrs.	3.81	3.80	3.75	4.27	13/1	3.67	13/4
13	Inflation rate 10%	5 yrs.	1.60	1.71	2.18	3.59	13/1	1.09	30/3
14	Inflation rate 10%	Over 5 yrs.	3.64	3.65	3.68	4.37	13/1	3.50	28/4
15	Debs &	5 years	10.28	10.21	9.78	11.08	13/1	10.36	24/5
16	Loans	15 years	10.57	10.54	10.02	11.07	1/1	10.51	19/4
17		25 years	10.59	10.57	10.10	11.11	1/1	10.51	19/4
18	Preference	†	9.61	9.61	10.08	10.84	4/1	9.56	15/6

‡Opening index 1853.4; 10 am 1846.0; 11 am 1843.7; Noon 1840.2; 1 pm 1838.9; 2 pm 1838.9; 3 pm 1843.2; 3.30 pm 1846.8; 4 pm 1850.4

CONSTITUENT CHANGES: Drayton Japan Trust and Japan Assets Tst (71) have been deleted. TR Natural Resources (71) has changed to Sphere Inv. Tst. Newman Industries (10) has changed to Avdel.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

EUROPEAN OPTIONS EXCHANGE

Series		Aug. 88 Vol	Last	Nov. 88 Vol	Last	Feb. 89 Vol	Last	Stock
GOLD C	$460	134	9.50	3	18.80	–	–	$450
GOLD C	$500	51	1.10	10	6	60	12	$450
GOLD P	$420	–	–	–	–	200	4.50	$450
		Jun. 88		Sep. 88		Dec. 88		
SILVER C	$700	41	18	–	–	4	70	$712
		Jun. 88		Jul. 88		Aug. 88		
EOE Index C	Fl. 185	29	33.80	–	–	–	–	Fl. 219.33
EOE Index C	Fl. 190	31	28.90 A	–	–	–	–	Fl. 219.33
EOE Index C	Fl. 200	301	18.70	22	18.50	–	–	Fl. 219.33
EOE Index C	Fl. 205	276	13.70 B	43	15.50 B	6	16	Fl. 219.33
EOE Index C	Fl. 210	438	8.90	88	11	21	12.50	Fl. 219.33
EOE Index C	Fl. 215	391	3.70 B	209	7.90	108	10.50	Fl. 219.33
EOE Index C	Fl. 220	449	0.10	520	5	114	7.30	Fl. 219.33
EOE Index C	Fl. 225	–	–	180	3	186	5	Fl. 219.33
EOE Index C	Fl. 230	–	–	75	1.50	–	–	Fl. 219.33
EOE Index P	Fl. 200	–	–	42	1	107	3	Fl. 219.33
EOE Index P	Fl. 205	–	–	322	1.50	8	3.50	Fl. 219.33
EOE Index P	Fl. 210	–	–	211	2.40	55	5	Fl. 219.33
EOE Index P	Fl. 215	119	0.10	385	4 A	13	7	Fl. 219.33
EOE Index P	Fl. 220	195	1.10	29	6.50 A	9	9	Fl. 219.33
S/FI C	Fl. 185	103	11.80	–	–	–	–	Fl. 197.20
S/FI C	Fl. 190	134	6.70 B	8	6.90	40	7	Fl. 197.20
S/FI C	Fl. 195	249	1.80	52	2.60	29	2.80 B	Fl. 197.20
S/FI P	Fl. 195	–	–	30	1.60	–	–	Fl. 197.20
S/FI P	Fl. 200	75	3.30 A	–	–	–	–	Fl. 197.20
		Jul. 88		Oct. 88		Jan. 89		
ABN C	Fl. 40	395	1.60	321	2.40	18	3.40	Fl. 41.10
ABN P	Fl. 40	144	0.50	53	2.20 B	3	2.70 A	Fl. 41.10
AEGON C	Fl. 75	68	8.30 B	15	8.70 B	1	10.50	Fl. 83
AHOLD C	Fl. 70	125	7.50	–	–	–	–	Fl. 76.50
AHOLD P	Fl. 75	5	2	27	3.30	–	–	Fl. 76.50
AKZO C	Fl. 120	699	3.50	290	7.80	106	9.70 A	Fl. 120.30
AKZO P	Fl. 110	78	0.60	5	2.90	42	3.90	Fl. 120.30
AMEV C	Fl. 50	65	3.50	–	–	–	–	Fl. 53
AMEV P	Fl. 50	73	0.40	10	2.20	–	–	Fl. 53
AMRO C	Fl. 60	5	11	351	11.10	–	–	Fl. 70.90
AMRO P	Fl. 75	–	–	50	7	–	–	Fl. 70.90
BUHRMANN-T C	Fl. 50	35	1.10	81	3.20	–	–	Fl. 49
BUHRMANN-T P	Fl. 40	40	0.30	–	–	–	–	Fl. 49
ELSEVIER C	Fl. 60	2021	1.40	227	3.30	11	4.50	Fl. 57.70
ELSEVIER P	Fl. 60	–	–	2	4	200	5.80	Fl. 57.70
GIST-BROC. C	Fl. 30	111	3.60	30	5	–	–	Fl. 33.10
GIST-BROC. P	Fl. 35	–	–	42	3.60	–	–	Fl. 33.10
HEINEKEN C	Fl. 130	86	9.50	139	12.30	–	–	Fl. 138.80
HEINEKEN P	Fl. 130	32	1.50	30	4.50	–	–	Fl. 138.80
HOOGOVENS C	Fl. 45	443	1.60	46	3.50	20	4.90	Fl. 43.20
HOOGOVENS P	Fl. 45	–	–	87	4.70	9	5.80	Fl. 43.20
KLM C	Fl. 35	157	2	225	2.80	96	4	Fl. 36.10
KLM P	Fl. 35	35	0.80	136	2.60	17	3.30	Fl. 36.10
KNP C	Fl. 150	440	2.90	150	7.30	29	9.50	Fl. 147
KNP P	Fl. 140	275	1.20	78	4 B	–	–	Fl. 147
NEDLLOYD C	Fl. 230	98	6	13	15.50	–	–	Fl. 228.50
NEDLLOYD P	Fl. 200	41	1.20	–	–	–	–	Fl. 228.50
NAT.NED C	Fl. 60	283	1.50 A	16	3.10	–	–	Fl. 59.70
NAT.NED P	Fl. 60	31	1.80	17	3.90	41	4.50	Fl. 59.70
PHILIPS C	Fl. 30	215	1.10	95	2.10	37	2.80	Fl. 30.20
PHILIPS P	Fl. 30	23	0.90	18	1.60	30	2.70	Fl. 30.20
ROYAL DUTCH C	Fl. 230	359	4.20	76	7.50 B	5	10.60 B	Fl. 230.10
ROYAL DUTCH P	Fl. 220	83	1.10	117	5.60	–	–	Fl. 230.10
UNILEVER C	Fl. 110	183	2.40	194	6.40	9	8.10	Fl. 108.30
UNILEVER P	Fl. 100	196	0.50	10	2.60	3	4.30	Fl. 108.30

TOTAL VOLUME IN CONTRACTS: 27,045

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	Citibank NA	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	City Merchants Bank	8½	NatWestminster	8½
AAB - Allied Arab Bk	8½	Clydesdale Bank	8½	Northern Bank Ltd	8
Allied Irish Bank	8½	Comm. Bk. N. East	8½	Norwich Gen. Trust	8½
Henry Ansbacher	8½	Co-operative Bank	*8½	PK Finans. Int(UK)	9
ANZ Banking Group	8½	Coutts & Co	8½	Provincial Bank PLC	9½
Associates Cap Corp	10	Cyprus Popular Bk	8½	R. Raphael & Sons	8½
Authority Bank	8½	Dunbar Bank PLC	8½	Roxburghe G'rantee	9½
B & C Merchant Bank	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Banco de Bilbao	8½	Equatorial Bank plc	8½	Royal Trust Bank	8½
Bank Hapoalim	8½	Exeter Trust Ltd	9	Smith & Williamson Secs.	8½
Bank Leumi (UK)	8½	Financial & Gen. Sec	8½	Standard Chartered	8½
Bank Credit & Comm	8½	First National Bank Plc	8½	TSB	8½
Bank of Cyprus	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	§9.4
Bank of Ireland	8½	Robert Fraser & Ptnrs.	9½	United Bk of Kuwait	8½
Bank of India	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Scotland	8½	Grindlays Bank	8½	Unity Trust Bank Plc	8½
Banque Belge Ltd	8½	● Guinness Mahon	8½	Western Trust	8½
Barclays Bank	8½	HFC Bank PLC	8½	Westpac Bank Corp.	8½
Benchmark Bank PLC	8½	● Hambros Bank	8½	Whiteaway Laidlaw	9
Berliner Bank AG	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Brit Bk of Mid East	8½	● Hill Samuel	§8½		
● Brown Shipley	8½	C. Hoare & Co.	8½		
Business Mtge Tst	8½	Hongkong & Shangh.	8½		
Cl. Bank Nederland	8½	Lloyds Bank	8½		
Central Capital	8½	Meghraj Bank Ltd	8½		
● Charterhouse Bank	8½	Midland Bank	8½		
		Mount Banking Corp.	8½		

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INTERNATIONAL COMPANIES AND FINANCE

General Accident believed to have bought NZI stake

BY DAI HAYWARD IN WELLINGTON

BRIERLEY INVESTMENTS (BIL) yesterday decided on the future ownership of its 35 per cent stake in NZI, the New Zealand-based global insurance and investment group, as speculation increased that the buyer of the stake – worth NZ$600m - is General Accident of the UK.

Brierley says the new owner will not be announced until next week. The selling price was reported to be around NZ$2.45 per share, compared with yesterday's market price of NZ$1.78, down 17 cents. BIL was asking for NZ$3 per share when it put its holding np for tender.

There has been strong speculation in London this week that General Accident would purchase the stake. No comment was available from the UK insurer last night.

The belief that the block of NZI shares would pass to an overseas buyer was given support by the strong rise and extreme volatility in the value of the NZ dollar yesterday. It rose one cent against the US dollar – at one stage reacbing as bigb ae 71.88 US cents before settling back to 71.5. This is a record since the Kiwi dollar was floated in March 1975.

Foreign exchange dealers were surprised at the pressure which began as soon as the New York exchange opened, as overseas buyers bought millions of NZ dollars. There was strong speculation last night that this was to pay BIL for its NZI shares.

The NZ dollar also strengthened half a cent against the Australian dollar reaching 88.19 cents. One Australian company which tendered for the BIL shares was Elders IXL.

● Mr Alan Bond's Bond Corporation said yesterday it had arranged for Midland Bank of the UK and the Hongkong & Shanghai Banking Corporation to finance the purchase of part of Mr Robert Holmes à Court controlling stake in Bell Group.

Agnelli unit in $300m Fireman's Fund deal

By Alan Friedman in Milan

IFINT, a Luxembourg-registered investment company controlled by the Agnelli group, is paying $300m to acquire an 18 per cent stake in Fireman's Fund, one the largest US insurance groups.

Mr Mario Garraffo, chief operating officer of Ifint, said yesterday that the deal would rank the Agnelli company along with American Express as the biggest shareholder in Fireman's Fund, which since 1985 has been quoted on the New York Stock Exchange.

As a result of the purchase of 300,000 preferred A shares Ifint will have 18 per cent of voting rights, compared with the 17 per cent that Amex will control after the issue of the new preferred stock. Ifint has an option to convert the shares into common stock during the next seven years.

Fireman's Fund had around $3.5bn of premiums last year and was the 12th biggest US insurer. In multi-risk industrial insurance Fireman's is the second ranked US insurer.

Ifint had total (book valoe) assets of $800m at the end of 1987. Among its main holdings are the Moog Automotive Group Group and CR Industries, two US motor components makers which had 1987 sales of $700m.

In Italy, the Agnellis control Toro, a big insurer, through Ifil, another listed family investment vehicle.

Taiyo Kobe buys shares in Swiss commercial bank

BY WILLIAM DULLFORCE IN GENEVA

TAIYO KOBE Bank of Japan has bought a 8.63 per cent non-voting stake in Banca della Svizzera Italiana (BSI), Switzerland's sixth largest commercial bank, for SFr73m ($50m).

Unigestion, the Geneva-based finance company which bought a 38.7 per cent equity stake in BSI from Irving Trust Company of New York for $390m last month, said it had sold 200,000 B participation certificates to Taiyo Kobe.

The Japanese bank will nominate a representative to serve on an expanded BSI Board at e general meeting of shareholders next week.

By this deal Taiyo Kobe becomes the second Japanese bank to take a significant bolding in a Lugano-based Swiss bank. Sumitomo Bank controls Banca del Gottardo.

Japan's 12th largest commercial bank, Taiyo Kobe has been seeking to extend its foreign operations which are so far relatively small. BSI fitted into its strategy well because of its strong management team and solid growth potential, Mr Masazo Asada, Taiyo Kobe's managing director, said.

Unigestion retains 31.7 per cent of the BSI voting rights. It will control BSI through a partnership with the Park Tower Group, owned by Mr George Klein, a New York real estate developer, who has an option to buy a 19.6 per cent voting interest in BSI.

Mr Klein and Unigestion are forming a holding company, Unitower, in which Unigestion will be the majority shareholder.

BSI showed total assets of SFr6.6bn ($4.5bn) and reported net earnings of SFr45.4m in 1987. It is particularly strong in investment banking.

Taiyo Kobe had assets equivalent to $96bn at the end of 1986 when it posted pre-tax earnings of $251m. It already owns a securities and currency trading business in Zurich.

Shiseido to purchase US group for $345m

By Our Financial Staff

SHISEIDO, Japan's largest cosmetics maker, has agreed in principle to pay $345m for all the shares of Zotos International, a US maker of professional permanent wave hair products.

Zotos, owned by the Connecticut-based Consair Corporation which was taken private in a leveraged buyout in June 1985, supplies its products under licence to some 50 countries. Shiseido has been making and distributing Zotos products under licence in Japan since 1975.

The accord is subject to Shiseido obtaining satisfactory financing, clearance under the Hart-Scott-Rodino Antitrust Improvements Act, and the absence of any material adverse change in Zotos' business since December 31, 1987.

Shiseido's pre-tax profits fell 49.4 per cent last year to Y16.77bn ($133.4m) from Y33.15bn following a restructuring of domestic sales operations.

Cerus plans to raise FFr5.5bn

BY GEORGE GRAHAM IN PARIS

CERUS, the French holding company controlled by Mr Carlo De Benedetti, yesterday approved a FFr5.5bn ($930.6m) fundraising operation to belp finance the debts it ran up in the battle for Société Générale de Belgique.

The company plans to issue FFr4bn of new equity, witb FFr3bn taken up by CIR International, Mr De Benedetti's Italian company, and a FFr1.5bn convertible bond issue. The issues are expected to take place in July.

The operations should restore Cerus's balance sheet, which has been heavily burdened by the cost of its stake in SGB as well as by the stake acquired earlier this year in Dumenil Leble, the Frencb investment bank.

Cerus invested over FFr6bn in the SGB battle, wiping out its cash balance and leaving it with debt of around FFr5bn. In addition, it has spent an estimated FFr1bn on its 26.45 per cent stake in Dumenil.

The group had been expected to make use of the cash shell created by the sale of the assets of Buitoni, the food producer in France and Italy, as well as of the chocolate company Perugina to Nestlé of Switzerland.

CIR has recently absorbed the shells of Buitoni in Italy and Perugina, giving it the cash to subscribe to Cerus's capital increase. But Cerus was prevented from doing the same with the FFr2.75bn cash shell of Buitoni France by the opposition of minority shareholders, and finished with a payment for only 47 per cent of Buitoni SA from Nestlé.

Threat to Spanish bank merger

BY TOM BURNS IN MADRID

CARTERA CENTRAL, a joint venture portfolio company linked to the Kuwait Investment Office (KIO) and the single biggest shareholder in Banco Central, has lodged a notarised document before the monetary authorities designed to block Central's merger with Banco Espanol de Credito (Banesto) on the grounds of illegality.

An official for Cartera Central said the formula for the fusion agreed by Mr Alfonso Escamez and Mr Mario Conde, the chairmen, respectively, of Banco Central and Banesto ran, in places, counter both to European Community directives on mergers and Spanish corporate law.

He said tbat the company, which owns 13 per cent of Central stock, supported the principle of the merger with Banesto but that it was strongly opposed to the manner in which it was being conducted by the two cbairmen. He indicated that unless the merger terms were redrafted, Cartera Central was willing to test them in the law courts.

Tbe merger between Central and Banesto has been hailed as the economic development of the century in Spain. It brings together about a quarter of the total private bank deposits in the country while the industrial groups, owned by the two banks, represent some 6 per cent of Spain's GDP.

Cartera Central specifically objects to the absence of an independant valuation of the two banks prior to the agreement between their chief executives to the merger's terms of exchange. It is also opposed to an agreement between Mr Escamez and Mr Conde which sets up a holding company, chaired by Mr Conde, which, Cartera Central alleges, will control and implement the merger process without consulting the respective boards of the two banks.

The legal wrangle is just the latest skirmish in what has become a running battle between Mr Conde and Mr Alberto Alcocer and Mr Alberto Cortina, the two wealthy Madrid construction entrepreneurs who set up Cartera Central with KIO and own 51 per cent of the joint venture.

ATV Holdings seeks suspension pending sale

By Our Hong Kong Correspondent

ATV HOLDINGS, the Hong Kong television station controlled by Mr Deacon Chiu, has requested the suspension of trading in its shares, saying negotiations for the possible sale of the company had reached a final stage.

The move follows weeks of speculation that Mr Chiu planned to sell his 40 per cent controlling stake in the territory's second TV station. After earlier prompts from the stock exchange and Securities Commission, Mr Chiu denied a change of control was in the offing. The rumours have seen ATV's shares surge more than 20 per cent to HK$2.20.

A consortium of investors including Golden Harvest, a film company, and Lai Sun Garment, a jeans manufacturer, are believed to be interested in acquiring ATV. At HK$2.20 a share, the company would be worth HK$550m (US$70.5m).

HK Telecom increases profits

BY KEVIN HAMLIN IN HONG KONG

HONG KONG Telecommunications, formed by the February merger of Cable and Wireless's two local subsidiaries, Hongkong Telephone and Cable and Wireless (Hong Kong), has reported profits attributable to shareholders of HK$2.99bn, a 26.3 per cent improvement on what the group would have earned if it existed a year earlier.

HK Telecom, which accounts for about 17 per cent of the territory's bell-wether Hang Seng Index, derives some 85 per cent of group profits from its monopoly on international and local telephone services. These are governed by a scheme of control and a franchise agreement, which limit profits to 16 per cent of shareholders' funds.

Last year's strong profits growth is thus partly due to higher earnings from non-franchised subsidiary companies, which provide communications and computer equipment and services. Analysts add that HK Telephones' contribution to profits probably increased some 30 per cent, to about HK$768m, due to an increase in its shareholders funds during the year.

The proposed flotation of an additional 11 per cent of HK Telecom shares, shelved following the stock market crash, will not proceed until September at the earliest, Mr Mike Gale, chief executive, said yesterday.

Cable and Wireless now owns 80 per cent of HK Telecom, the Government 11 per cent, with the remainder in public hands. Both shareholders had planned to sell 5.5 per cent stakes to the public prior to the October slide in share values.

The group recommended a final dividend of HK$0.05 a share which, combined with HK Telephone's interim, represents a 44 per cent increase over 1987. A three-for-20 bonus share issue was also recommended.

See Lex

New Zealand bank ahead

By Our Wellington Correspondent

THE New Zealand merchant bank Capital Markets, noted for its entrepreneurial policies, has recorded a NZ$34.2m (US$24.3m) tax-paid profit – an increase of 14 per cent on the previous year's NZ$30m.

Mr David Richwhite, joint chief executive, said that the continually changing regulatory environment in New Zealand during the de-regulation of the economy had provided consistent opportunities for Capital Markets to use profitably.

KIO's Canadian investment cleared

BY ROBERT GIBBENS IN MONTREAL

THE ONTARIO Securities Commission has approved the Kuwait Investment Office's plan to buy 10.3 per cent of Consolidated-Bathurst, the Canadian paper and packaging group, through a share tender offer worth almost C$200m (US$165m).

The plan required clearance under Ontario Securities Act provisions calling for all shareholders to be treated fairly in a takeover bid.

Mr Charles Salter, the OSC's chairman, found that a five-year voting trust agreement between KIO and Power Corporation of Canada, CB's parent company, does not violate the Act and is not unfair to CB's minority shareholders.

Under the agreement, Power Corporation, controlled by Mr Paul Desmarais, the Montreal financier, has right of first refusal if KIO sells its CB block. If KIO did sell its shares Power Corporation would have to make a follow-up bid.

Power Corporation owns 40 per cent of CB and will not tender any shares under the KIO offer of $19 a share.

KIO's equity investment in CB will be its largest so far in Canada. It has smaller interests in high technology and mining in Western Canada and holds a minority interest in Gordon Investment, the Toronto investment banking firm.

WORLD COMMODITIES PRICES

Week in the Markets

THE SHAKE-OUT in base metal prices on the London Metal Exchange on Monday and Tuesday left its mark on the week as a whole. In spite of a recovery on Wednesday and Thursday, prices could not entirely regain the losses, and closed yesterday generally well down on the previous week.

Traders put the retracement down to the announcement on Monday of a general rise in LME warehouse stocks. Total stocks of both standard and high-grade aluminium, for example, rose by 13,025 tonnes to 74,350 tonnes, which compares with 43,375 tonnes a month ago.

However, zinc suffered one of the biggest price falls in percentage terms in spite of stocks falling, albeit by only 725 tonnes to 36,700 tonnes.

The stocks figures – which are expected to rise again next week – unsettled some operators, according to one trader, and panicked them into liquidating their positions. However, he believes that in the current volatile trading conditions it is foolish to sell some metals, especially aluminium, or even lend to the market. Apart from the tightness of supplies, the July options declaration date is fast approaching, he points out.

"Demand has not shrunk, and stocks are still low," he said.

Mr Gus MacMillan of Shearson Lehman Metals, believes that there is some evidence that aluminium supplies are at last beginning to overtake demand, and that high cash prices are drawing the metal out. But the only certain thing about the aluminium market is that it will remain unpredictable and volatile throughout the summer, he believes.

Certainty premiums for cash metal shrenk dramatically across the board during the week. While three-month standard grade aluminium closed yesterday at a record £1,629 a tonne, up £9.50 a tonne on the week, the price for cash metal closed down £245 a tonne at £2,070. This left the cash premium at £441 a tonne, compared with £685.50 last week.

Cash grade A copper lost £225 a tonne on the week to £1,332.50, compared with a fall of £80.50 for three-month metal, leaving the cash premium at £81.50 instead of £226 a tonne. The tone of the copper market has been bearish, underlined by news that US housing starts are well down this year.

The cash premium for nickel fell to $1,000 a tonne over the week from $1,475. Although the cash price fell $750 to $15,550 a tonne, Mr MacMillan believes the downside for nickel is strictly limited as demand, from the stainless steel sector in particular, is continuing strong.

He points out that in the first quarter of this year US stainless steel production was 24 per cent up on the first quarter of last year.

Oil prices continued to sag, with Brent crude losing 30 cents a barrel on Monday as traders responded to the continued discord among oil ministers at the Opec meeting in Vienna. The meeting could agree only to roll over its existing agreement on output limitation, and failed to come to terms with any of the big issues on the agenda. The chances of raising prices to the $18 a barrel target set 18 months ago seem as remote as ever. Brent crude for immediate delivery closed last night at $15.435 a barrel, a fall of 45 cents on the week.

Meanwhile, the fears about the US drought which are sparking a boom in the Chicago agricultural futures markets are continuing to spill over into the London Soyameal Futures Market at the Baltic Futures Exchange.

The October contract closed at £182 a tonne yesterday, a rise of £10.50 a tonne on the week to follow the previous week's £16 rise. Prices eased a little yesterday as speculators, nervous that rain will arrive in the US over the weekend, took their profits. But dealers report firm underlying trade buying.

"It has been an extremely busy week," said one. "The drought has been good for this market – many more people are getting involved in it."

At the Baltic International Freight Futures Market (Biffex), the Baltic Freight Index on which the contracts are based fell to 1,258.5, down 26 points on the week and back below the level at which it started this year. The index is now almost 400 points below the record struck in March during the market's unprecedented bull run.

However, traders believe that the retreat is normal for the summer, when freight rates traditionally fall, and do not see the market going much lower. The October dry freight futures contract closed at 1,381 points ($10 an index point) yesterday, a fall of 19 points on the week.

David Blackwell

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$450.25	-7.00	$449.5	$485.5	$425
Silver Per troy oz.	399.40p	+7.55	460.80p	401.65	338.75p
Aluminium 99.7% (cash)	$3715	-490	-*	$4205	$1915
Copper Grade A (cash)	£1332.5	-225	£965.5	£1657.5	£1129.5
Leed (caeh)	£376	-26	£375.5	£402.5	£326
Nickel (cash)	$15550	-750	£2827.5	$22200	£4022.5
Zinc (cash)	£760	-33.5	£524.5	£793.5	£453.5
Tin (cash)	£3955	+45	£4145	£3955	£3625
Cocoe Futures (Sept)	£911	-15	£1260	£1182	£892
Coffee Futures (Sept)	£1148	-4	£1256.5	£1317	£1042
Sugar (LDP Raw)	$257.6	-3.4	$171.4	$265.4	$213.6
Barley Futures (Nov)	£105.55	+2.40	£96.0	£109.85	£97.25
Wheat Futures (Sept)	£106.65	+1.75	£99.25	£115	£103.35
Cotton Outlook A Index	69.4c	+1.5	81.25c	75.3c	63.95c
Wool (64S Super)	650p		467p	673p	484p
Rubber (Spot)	80.5p	-2.5	62.25p	88p	61.25p
Oil (Brent Blend)	$15.435	-0.45	$19.025	$17.525	$13.975

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents/lb t-July. *Aluminium 99.7% only quoted since July.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.80-3.85z	+0.115
Brent Blend	$15.40-5.47u	+0.09
W.T.I. (1 pm est)	$16.53-6.56u	+0.14

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$188-191	-1.5
Gas Oil (Soviet)	$133-135	
Heavy Fuel Oil	$69-71	-1
Naphtha	$150-152	-0.5

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$450.25	-2.25
Silver (per troy oz)♣	710c	-10
Platinum (per troy oz)	$578.50	-10.00
Palladium (per troy oz)	$128.75	-1.75
Aluminium (free market)	$3470	-370
Copper (US Producer)	118⅝-118c	
Lead (US Producer)	35.5c	
Nickel (free market)	670c	
Tin (European free market)	£3955	+12.5
Tin (Kuala Lumpur market)	18.09r	-0.01
Tin (New York)	328.5c	
Zinc (Euro. Prod. Price)	$1170	
Zinc (US Prime Western)	63.5c	
Cattle (live weight)†	113.47p	-2.49*
Sheep (dead weight)†	185.51p	-33.25*
Pigs (live weight)†	74.11p	+2.07*
London daily sugar (raw)	$257.6v	-3.0
London daily sugar (white)	$264.0y	-1.0
Tate and Lyle export price	£252.5	-1.0
Barley (English feed)	£108.0z	+2.5
Maize (US No. 3 yellow)	£137.0	
Wheat (US Dark Northern)	£118.75y	
Rubber (spot)♥	80.5p	-1.5
Rubber (July)♥	86.0p	-1.5
Rubber (Aug)♥	88.5p	-1.5
Rubber (KL RSS No 1 July)	375.5m	+1.0

		+ or -
Coconut oil (Philippines)§	$610x	
Palm Oil (Malaysian)§	$487.5s	
Copra (Philippines)§	$405	+10
Soyabeans (US)	£217	-2
Cotton "A" index	69.4c	-0.0
Wooltops (64s Super)	650p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. u-July. x-Jul/Aug. s-Jul/Sep. z-Aug. y-Jun/Jul. q-Sep. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Jly	890	895	895	885
Sep	912	914	915	907
Dec	940	942	942	935
Mar	963	965	965	960
May	984	984	983	980
Jul	1003	1003	1003	999
Sep	1022	1022	1020	

Turnover: 3546 (3379) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 17: 1188.48 (1197.93). 10 day average for Jun 20: 1203.41 (1207.57)

COFFEE £/tonne

	Close	Previous	High/Low	
Jly	1135	1130	1142	1131
Sep	1148	1143	1154	1143
Nov	1162	1157	1165	1188
Jan	1174	1170	1178	1168
Mar	1187	1185	1190	1183
May	1200	1100	1197	1193

Turnover: 3038 (1733) lots of 5 tonnes
ICO indicator prices (US cents per pound) for June 17: Comp. daily 1979 120.72 (119.67); 15 day average 119.60 (115.32).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Aug	238.40	224.20	238.20	226.20
Oct	234.00	216.80	234.00	219.20
Dec	234.00	222.00	223.00	
Mar	230.40	217.80	229.80	218.40
May	227.00	217.20		
Aug	227.00	217.40		
Oct	227.00	218.00		

White	Close	Previous	High/Low	
Aug	269.00	262.00	268.50	259.00
Oct	262.00	250.70	261.00	250.00
Dec	262.00	250.70	261.00	251.00
Mar	263.00	251.50	261.00	252.00
May	263.00	252.00	266.00	255.00
Aug	265.00	253.00	264.50	
Oct	265.00	255.00		

Turnover: Raw 3513 (1744) lots of 50 tonnes; White 1134 (2496).
Paris- White (FFr per tonne): Aug 1550, Oct 1515, Dec 1520, Mar 1535, May 1540, Aug 1550

GAS OIL $/tonne

	Close	Previous	High/Low	
Jul	134.75	133.75	135.00	134.00
Aug	134.50	133.50	134.75	134.00
Sep	136.25	135.00	136.50	135.75
Oct	138.00	136.50	138.00	137.25

Turnover: 3879 (3562) lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	3700-30	3730-50		3460-80		
3 months	2970-300	2925-35		2840-60	2980-300	5,650 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 40,275 tonne
Cash	2060-80	2080-100	1935	1935-40		
3 months	1628-30	1619-20	1666/1578	1590-1	1658-70	50,893 lots
Copper, Grade A (£ per tonne)						Ring turnover 34,200 tonne
Cash	1330-5	1423-5	1365	1364-5		
3 months	1250.5-1.5	1302-3	1281/1251	1271-2	1280-1	87,815 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1300-10	1300-10		1320-30		
3 months	1205-15	1250-60		1225-35		64 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	705-8	718-8		707-10		
3 months	717-20	727-30		719-22	718-9	897 lots
Lead (£ per tonne)						Ring turnover 5,550 tonne
Cash	375-7	384-6	380/375	375-6		
3 months	362-3	368-9	365/361	362-3	363-5	11,830 lots
Nickel ($ per tonne)						Ring turnover 576 tonne
Cash	15500-600	15600-700	15600/15550	15600-700		
3 months	14500-600	14450-650	14550/14400	14500-50	14450-600	5,781 lots
Zinc (£ per tonne)						Ring turnover 10,025 tonne
Cash	758-62	777-8	780/759	759-60		
3 months	717-8	725.5-6	720/713	714-5	718-9	22,132 lots

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%) Strike price $ tonne	Calls July	Calls Sept	Puts July	Puts Sept
2800	437	392	25	166
2950	318	312	55	233
3100	210	244	105	313
Aluminium (99.5%)				
2300	379	356	42	209
2850	271	283	84	284
3100	184	222	146	371
Copper (Grade A)				
2200	218	181	24	132
2300	148	137	52	207
2400	92	102	980	270

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	450-450½	252½-253
Opening	450¾-451¼	253½-254
Morning fix	449.80	252.342
Afternoon fix	450.25	252.312
Day's high	451½-452	
Day's low	449½-450	

Coins	$ price	£ equivalent
US Eagle	463½-468½	260-263
Mapleleaf	463½-468½	260-263
Britannia	463½-468½	260-263
Krugerrand	449-452	252-254
1/2 Krug	236-245	132¼-137¼
1/4 Krug	117-125	65½-70¼
Angel	463-468	259¾-262½
1/10 Angel	47-52	25½-29¼
New Sov.	106-107	59½-60¼
Old Sov.	106-107½	59½-60½
Noble Plat	595.35-602.7	334.65-38.5

Silver fix	p/fine oz	US cts equiv
Spot	399.40	711.35
3 months	408.55	725.25
6 months	418.30	739.55
12 months	437.90	769.05

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jly	107.50	108.00	107.75	
Sep	106.65	106.70	106.90	106.65
Nov	103.00	109.10	109.30	109.00
Jan	112.00	111.40	112.00	111.20
Mar	113.80	113.40	114.00	113.35
May	116.00	115.75	116.00	115.75

Barley	Close	Previous	High/Low	
Sep	103.05	103.25	103.45	103.05
Nov	105.55	105.95	106.10	105.55
Jan	108.65	108.85	108.90	108.65
Mar	110.90	110.85	111.15	110.85
May	112.70	112.90	112.70	

Turnover: Wheat 326 (363), Barley 234 (322) lots of 100 tonnes.

US MARKETS

THE PRECIOUS METALS finished on a firm note as trade buying late in the session prompted local short-covering and commission house buying, reports Drexel Burnham Lambert. Earlier, the markets had come under some pressure following trade and commission house selling at the highs. Copper fell with local selling, but as trade support emerged, the locals covered which led to fresh mixed buying as the market retraced above yesterday's close. Energy futures fell in early trading with trade and local selling, but the markets recovered on short-covering. Sugar rallied sharply as rumors of Cuban buying, coupled with further steadiness in the grains saw the market penetrate overhead resistance, touching off commission house buy stops, to close near the day's highs. Coffee featured switch activity as traders squared positions in the July contract ahead of first notice day. Cocoa rallied with a combination of technical and industry buying.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jun	454.5	450.0	455.5	450.0
Jul	455.3	450.9	0	0
Aug	458.3	453.9	459.8	453.2
Oct	463.7	459.2	464.5	459.0
Dec	469.1	464.5	471.0	463.8
Feb	474.6	469.9	474.0	470.0
Apr	480.2	475.4	0	0
Jun	485.8	480.9	481.0	481.0
Aug	491.7	486.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jun	587.7	578.3	0	0
Jul	589.2	579.8	591.0	580.0
Oct	595.2	586.2	597.5	586.0
Jan	602.0	593.2	604.0	592.0
Apr	609.5	600.7	602.0	602.0
Jul	617.0	608.2	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jun	723.5	711.5	0	0
Jul	725.5	714.0	727.0	708.0
Aug	730.4	718.9	0	0
Sep	735.3	723.9	737.0	718.0
Dec	750.5	738.5	752.5	732.0
Jan	756.3	748.3	0	0
Mar	765.1	753.9	767.0	750.0
May	777.0	764.6	0	0
Jul	786.5	775.7	0	0
Sep	800.0	786.9	797.0	797.0

INDICES

REUTERS (Base: September 18 1931 = 100)			
June 16	June 15	mnth ago	yr ago
1968.7	1915.0	1763.0	1620.0

DOW JONES (Base: December 31 1974 = 100)				
Spot	141.43	141.52	134.21	129.06
Futures	142.68	142.18	135.29	125.56

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	109.00	108.95	109.00	108.50
Jul	104.00	103.80	104.70	101.00
Aug	100.40	100.40	0	0
Sep	96.70	97.10	97.20	94.60
Dec	90.00	189.80	90.40	88.05
Jan	88.50	187.90	0	0
Mar	85.00	184.80	85.00	83.50
May	82.70	82.30	82.25	81.30
Jul	81.95	81.70	81.50	81.50
Sep	81.35	81.10	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jul	16.51	16.66	16.66	16.51
Aug	16.65	18.76	16.76	16.63
Sep	16.70	16.82	16.80	16.66
Oct	16.77	16.87	16.85	16.73
Nov	16.80	16.89	16.85	16.80
Dec	16.82	16.90	16.90	16.79
Jan	16.83	16.90	16.89	16.82
Feb	16.82	16.89	16.84	16.80
Mar	16.82	16.88	16.82	16.80
Apr	16.82	16.87	16.88	16.82

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jul	4375	4412	4400	4360
Aug	4405	4435	4435	4380
Sep	4490	4506	4515	4470
Oct	4580	4591	4600	4555
Nov	4655	4668	4670	4655
Dec	4735	4747	4760	4725
Jan	4780	4782	4800	4770
Feb	4770	4772	4785	4770
Mar	4625	4622	4625	4610

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1515	1491	1517	1495
Sep	1536	1521	1538	1515
Dec	1556	1543	1558	1536
Mar	1590	1577	1592	1573
May	1615	1602	1607	1600
Jul	1640	1627	1640	1625
Sep	1665	1652	1665	1656

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	136.00	137.87	139.30	137.10
Sep	139.26	139.67	140.75	138.90
Dec	140.74	141.36	142.15	140.00
Mar	140.51	141.50	142.15	140.50
May	140.14	141.65	142.00	140.10
Jul	140.75	141.27	0	0
Sep	139.70	143.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	10.34	9.89	10.38	9.67
Oct	10.34	9.88	10.35	9.75
Jan	10.04	9.54	0	0
Mar	10.11	9.61	10.11	9.69
May	10.03	9.81	10.04	9.88
Jul	10.00	9.80	10.00	9.70
Oct	10.00	9.60	9.70	9.76

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	68.00	67.82	68.85	66.70
Oct	66.90	65.95	67.20	65.80
Dec	66.92	64.65	66.10	64.80
Mar	66.50	65.85	66.60	65.50
May	66.70	65.85	66.25	66.00
Jul	66.70	65.05	0	0
Oct	64.55	63.87	64.55	64.50

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	175.75	174.05	176.20	174.60
Sep	173.75	171.45	174.00	172.70
Nov	165.70	162.50	166.00	163.50
Jan	159.20	156.70	159.20	157.20
Mar	158.00	155.25	158.10	157.75

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	971/4	941/4	971/4	930/0
Aug	974/0	944/0	974/0	931/0
Sep	965/4	939/4	966/0	928/0
Nov	954/4	940/0	958/0	926/0
Jan	961/0	936/4	952/0	926/4
Mar	944/4	933/4	947/0	923/0
May	925/0	018/4	925/0	909/0
Jul	012/0	905/4	014/0	895/0
Aug	880/0	875/0	885/0	875/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	27.91	27.11	27.94	26.90
Aug	28.16	27.40	28.16	27.20
Sep	28.35	27.60	28.40	27.50
Oct	28.50	27.77	28.00	27.70
Dec	28.56	27.92	28.60	27.80
Jan	28.47	27.82	28.50	27.80
Mar	28.40	27.50	28.40	27.80
May	27.07	27.80	28.02	27.50
Jul	27.35	27.00	27.50	26.95

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	302.5	296.2	303.5	292.5
Aug	298.7	296.2	300.5	291.0
Sep	297.0	295.0	298.0	289.0
Oct	295.7	294.2	296.0	287.5
Dec	294.7	293.2	296.0	287.0
Jan	292.2	291.5	293.0	288.0
Mar	288.0	288.0	290.0	284.0
May	285.0	286.2	286.0	280.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	309/4	294/4	309/4	292/0
Sep	317/4	302/4	317/4	302/4
Dec	325/4	314/6	329/0	312/0
Mar	325/4	319/4	329/0	316/0
May	320/4	318/6	327/0	314/0
Jul	318/4	316/6	320/0	311/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	381/4	379/0	388/4	373/0
Sep	392/6	386/4	397/0	381/4
Dec	401/6	396/4	404/4	390/0
Mar	402/0	397/0	404/0	391/4
May	380/4	380/0	389/0	373/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	70.22	70.07	70.60	69.97
Aug	64.45	65.00	65.30	64.35
Oct	64.60	64.65	65.30	64.40
Dec	67.75	67.65	67.97	67.20
Feb	59.87	69.60	70.00	60.25
Apr	71.85	71.57	72.50	71.50

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	43.10	45.10	44.90	43.10
Aug	42.80	44.60	44.60	42.60
Feb	61.32	59.85	61.85	60.60
Mar	60.65	59.42	61.42	60.40
May	60.40	59.15	61.15	60.40

WORLD STOCK MARKETS

Wall Street

Blue chips lead equities downturn

BLUE CHIPS gave up moderate early gains as Wall Street stocks turned lower shortly after mid-session yesterday.

The market took little support from the bond and currency markets, and profit-takers moved in to sell stocks that had been rising recently.

The Dow Jones Industrial Average was down 7 at 2,087 after rising to 2,104 earlier. The failure of the market to hold at the 2,100 level suggested there would be further losses before the market could find support.

IBM was off $¾ at $116¼ after rising earlier to $117½.

Canada

Rising base metal and industrial issues offset a decline by gold stocks as Toronto share prices rose in mixed trading by midday.

The composite index gained 7.5 to 3,399.5 as declines outnumbered advances by 276 to 274 on heavy turnover of 19m shares.

Polysar Energy, which said on Thursday it had agreed to sell its petrochemical and petroleum assets to Nova, topped the list of most actives. Polysar rose C$⅝ to C$20 and Nova C$⅛ to C$12⅞.

Among base metals, Alcan Aluminium gained C$½ to C$39¼, Cominco moved ahead C$⅜ to C$21¼ and Noranda advanced C$¼ to C$23⅜.

In industrials, John Labatt, which said its profit for the fiscal year ended April 30 had risen to C$140.6m from 125.2m a year earlier, moved ahead C$¼ to C$22⅞, Dofasco advanced C$⅝ to C$28½ and Molson class A gained C$⅜ to C$24⅞.

In golds, American Barrick slipped C$⅛ to C$26¾ and Hemlo Gold dropped C$¼ to C$15½.

North American closing prices were not available for reports in this edition

Tokyo

For the third day running, prices on the Tokyo stock exchange reached a record high, as the dollar weakened against the yen.

The Nikkei average finished sharply up at 28,342.46, a rise of 195.14. Volume was a moderate 1.7bn shares, up from 1.4bn.

The market was led by large-capital steels and heavy industries, but buying extended to many other issues, including textiles, papers and food-stuffs.

Some large-capital steels saw profit-taking in the morning, but buyers returned later. Kobe Steel rose Y8 to Y504, Kawasaki Steel Y19 to Y582 and Nippon Steel Y12 to Y571.

Investors were confident following Thursday's announcement of higher-than-expected Japanese gross national product figures and reports that Japanese firms expected record profits for the year ending March 1989.

Export-related electricals were sluggish after Wall Street's overnight decline and amid the rush for cheaper stocks. Toshiba fell Y2 to Y920, Sony Y50 to Y5,170 and NEC Y40 to Y2,130.

Paris

A recovery in French share prices from earlier lows left them mostly firmer, encouraged by Wall Street's stronger opening. Volume was moderate.

Investors had been nervous following profit-taking in the previous two sessions and fears that West Germany might raise its interest rates and prompt a similar rise in France.

Mr Carlo De Benedetti's French holding company, Cerus, ended off its highs after announcing a FFr4bn capital increase and a FFr1.5bn convertible bond issue at a shareholders meeting in Paris. The stock closed FFr2.10 higher at FFr442.10 after touching a high of FFr448. Car components maker Valeo, in which Cerus has a 23 per cent stake, rose FFr5.90 to FFr499.90.

Drinks and luxury goods group LVMH climbed FFr20 to FFr2,495 on speculative buying.

Amsterdam

Selected professional buying interest and a firmer dollar benefited Dutch share prices, which mostly ended on a firmer note. The ANP-CBS index, however, slipped 2.9 to 255.4.

Transport group Nedlloyd was unchanged at Fl 228.50. It said its road haulage unit, RSK, would be reorganised, resulting in the loss of 80 of its 200 jobs.

Computer company HCS resumed trading after the previous day's suspension, rising 20 cents to Fl 10.20. At a general meeting on Thursday, shareholders voted not to approve the issue of a bond, which the company had needed to finance a takeover of Microlife Beheer.

Australia

A late rally left shares slightly firmer, after an early buffeting caused by the downturn on Wall Street overnight and the announcement of a larger Australian May trade deficit.

Early profit-taking among leading industrials was replaced by selective demand for miners. The All Ordinaries gained 1 to 1,600.5, after falling on the release of a A$1.18bn May current account deficit, up from a revised A$426m figure for April.

Among the banks, National Australia lost 2 cents to A$6.38, trading cum rights and cum dividend, on a turnover of 5m shares. It was the first major bank to announce a 0.25 percentage point rise in its benchmark rate to 15 per cent.

Hong Kong

Strong gains in Tokyo assisted a rebound by stocks as the Hang Seng index rose 24.52 to 2,718.02 on turnover of HK$1.7bn.

Local buying was strong, but institutional buyers from London and Australia also contributed to the rally.

A forecast that net profits at Hk Telecom, up 10 cents at HK$7.20, in its first full year would be between HK$2.9bn and HK$3bn raised market sentiment.

Singapore

Late buying spurred by sharp gains in Tokyo helped stocks recover from lows caused by the plunge on Wall Street as the Straits Times industrial index closed 1.1 down at 1,068.2.

Milan

Fiat was the focus of interest in Milan as stocks closed generally unchanged after a mixed start. The MIB index gained 0.2 per cent to 1,009.

Fiat shed L50 to L8,920 but recovered sharply after the official close to L9,130 in active trading, boosting sentiment in after-hours trading as it did so.

Zurich

Buying support re-emerged to leave Swiss share prices steady after an early slip following the overnight fall on Wall Street.

Sulzer registered rose SFr25 to SFr5,250 after news that the company planned to acquire Intermedics of the US.

Brussels

An active Brussels market saw shares close lower to unchanged after Wall Street's overnight fall.

Steelmaker Cockerill, with 25,000 shares changing hands, lost BFr9 to BFr240.

● Frankfurt was closed for a public holiday.

AUSTRIA

June 17	Sch	+ or −
Creditanstalt	2,000	+5
Goesser	2,660	+20
Interunfall	10,020	.....
Jungbunzlauer	7,080	−25
Laenderbank	367	+3
Perlmooser	660	+5
Steyr-Daimler	81	+1
Veitscher Mag	614	.....

SWEDEN (continued)

June 17	Kroner	+ or −
Skan Enskilda	144	−2
SKF B Free	280	.....
St Kopparb'g A Free	427	−1
Svka Cell'sa B (Free)	384	+8
Svka Handelsbn.	124	+1
Sw. Match B (Free)	138	.....
Volvo B (Free)	344	−3

INDICES

NEW YORK ACTIVE STOCKS

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Sterling up from weak start

STERLING FINISHED towards its best level of the day, helped by a sharp rise in UK interest rates. However it was still below levels prevailing late on Thursday, as investors were discouraged by poor current account and wage data.

Its exchange rate index recovered from a low of 76.0 seen at the opening, and again during the afternoon - after the Bank of England gave no signal on base rates - to finish at 76.2, still down from Thursday's close of 76.3.

Sterling slipped to $1.7830 from $1.7865 and DM3.1250 compared with DM3.1325. It was also weaker against the yen at Y224.50 from Y224.75. Elsewhere it finished at SFr2.5975 from SFr2.6100 and FFr10.5375 against FFr10.5625.

The UK retail prices index rose by 0.4 p.c. in May, down from a 1.6 p.c. rise in April but higher than expectations of around 0.2 p.c. Consequently the year on year rate rose to 4.2 p.c. from 3.9 p.c. In addition UK industrial output rose by a provisional 1.5 p.c. in April after a 1.8 p.c. gain in March. Manufacturing output has now risen by 6.4 p.c. from April last year.

Unit labour costs also gave cause for concern. While falling from March's 3.3 p.c. increase, the April figure still showed a rise of 2.9 p.c. from a year ago.

The dollar finished slightly firmer against most currencies in extremely quiet trading. Many investors were content to remain on the sidelines until after the meeting of G7 ministers in Toronto.

News of a 12.2 p.c. decline in US housing starts in May, the largest monthly fall this year, and compared with a revised increase of 3.1 p.c. in April, appeared to have little effect. The downturn reflected an increase in mortgage rates earlier this year.

The dollar finished at DM1.7530 against the D-Mark, barely changed from Thursday's close of DM1.7535. It was slightly firmer against the yen at Y125.85 from Y125.75 but eased to FFr5.9100 from FFr5.9125 and SFr1.4570 against SFr1.4610. On Bank of England figures, the dollar's exchange rate index finished at 94.4 from 94.3.

The French franc traded quietly for most of the day, with trading volume restricted by closure of financial centres in West Germany for a public holiday. The D-Mark was fixed at FFr3.3725 in Paris, from FFr3.3760 and slipped further during the afternoon to finish at FFr3.3716.

£ IN NEW YORK

June 17	Latest	Previous Close
£ Spot	1.7820-1.7825	1.7910-1.7920
1 month	0.13-0.12pm	0.05-0.04pm
3 months	0.61-0.58pm	0.42-0.39pm
12 months	2.50-2.40pm	2.13-2.03pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

June 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7780-1.7835	1.7825-1.7835	0.12-0.09cpm	0.71	0.58-0.55pm	1.27
Canada	2.1560-2.1650	2.1620-2.1630	0.10-0.20cdis	-0.83	0.14-0.24dis	-0.35
Netherlands	3.49¾-3.51½	3.50¾-3.51¾	1½-¾cpm	3.84	4¼-3¾pm	4.48
Belgium	63.05-65.45	65.30-65.40	19-3cpm	2.02	55-33pm	2.69
Denmark	11.85¾-11.90¾	11.89¾-11.90¾	¼-1¾oredis	-0.76	¾pm-¾dis	0.02
Ireland	1.1610-1.1690	1.1660-1.1670	0.14-0.21pdis	-1.00	0.50-0.65dis	-1.97
W. Germany	3.11¾-3.13	3.12¾-3.12¾	1½-¾pfpm	4.08	4-3¾pm	4.72
Portugal	253.45-255.15	254.10-255.10	56-94cdis	-3.54	151-255dis	-3.19
Spain	205.65-206.65	206.13-206.45	18-39cdis	-1.66	37-62dis	-0.96
[illegible]						

CURRENCY RATES

[illegible]

*All SDR rates are for June 16

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

	£	$
[illegible]		
Malaysia	4.5880-4.5900	2.5770-2.5800
Mexico	4045.15-4082.40	2270.00-2290.00
N Zealand	2.4890-2.4940	1.3960-1.3980
Saudi Ar.	6.6815-6.6875	3.7495-3.7505
Singapore	3.6095-3.6155	2.0260-2.0280
S Af (Cm)	4.0650-4.0770	2.2835-2.2865
S Af (Fn)	5.2720-5.3835	2.9585-3.0210
Taiwan	51.05-51.30	28.55-28.70
U.A.E.	6.5440-6.5500	3.6725-3.6735

*Selling rate

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

June 17	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]										
F Fr.	0.949	1.692	2.965	213.0	10.	2.465	3.333	2201	2.052	62.00
S Fr.	0.385	0.686	1.203	86.41	4.057	1.	1.352	893.0	0.833	25.15
H Fl.	0.285	0.508	0.890	63.91	3.000	0.740	1.	660.4	0.616	18.60
Lira	0.431	0.769	1.347	96.77	4.543	1.120	1.514	1000.	0.932	28.17
C $	0.462	0.824	1.445	103.6	4.873	1.201	1.624	1073	1.	30.21
B Fr.	1.530	2.728	4.782	343.5	16.13	3.976	5.376	3550	3.310	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Pressure for base rate rise

MONEY MARKET rates rose sharply in London yesterday, putting further upward pressure on base rates. Yesterday's details on retail prices and unit labour costs were not encouraging, and coming so soon after a rise in producer price input and wage costs earlier in the week, they pushed three-month interbank money up to a high of 9⅛-8⅞ p.c. before finishing at 9-8⅞ p.c. from 8¹³⁄₁₆-8¹¹⁄₁₆ p.c.

Discount houses were, not surprisingly, keen to offload as much long-dated paper as possible, and were prepared to accept a slightly lower price than those established by the Bank of England. This accounted for the higher rate of discount on some band 3 bills sold to the authorities.

UK clearing bank base lending rate 8½ per cent from June 6

It was not a signal from the Bank on interest rates, and most traders believed that the authorities would wait until next week, when some other central banks are expected to shift rates firmer.

The Bank of England forecast a shortage of around £650m, with factors affecting the market including bills maturing in official hands and repayment of late assistance together with a take up of Treasury bills draining £268m. There was also a rise in the note circulation of £355m and Exchequer transactions accounted for a further £30m. These were partly offset by banks' balances which were brought forward £20m above target.

The forecast was revised to a shortage of around £550m, and the Bank gave assistance in the morning of £582m through outright purchases of £5m of eligible bank bills in band 1 and £86m in band 2, all at 8⅞ p.c. In band 3 it bought £32m of Treasury bills and £7m of local authority bills at 8¾ p.c., and £452m of eligible bank bills at 8⅞-8⅝ p.c.

A further revision took the forecast to a shortage of around £500m, before taking into account the earlier help, but there was no further assistance offered by the Bank.

The firmer trend in rates was reflected at the weekly Treasury bill tender, where the average rate of discount rose to 8.7813 p.c. from 8.0079 p.c. The £100m of bills on offer attracted bids of £255m compared with £486m for a similar amount the previous week, and all bills on offer were allotted. The minimum accepted bid was £97.79 against £97.965, and bids at that level were met as to about 73 p.c. and above in full compared with 30 p.c. the week before. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 17) 3 months US dollars		6 months US Dollars	
bid 7¾	offer 7⅞	bid 7¾	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9
Broker loan rate	8¾
Fed funds	7½-⅝
Fed funds at intervention	7½

Treasury Bills and Bonds

One month	5.91	Three year	8.22
Two month	6.13	Four year	8.41
Three month	6.57	Five year	8.55
Six month	6.99	Seven year	8.82
One year	7.50	10-year	8.96
Two year	8.03	30-year	9.03

June 17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.70-3.85	3.50-3.65	3.60-3.75	3.70-3.85	3.85-4.00	4.50
Paris	7-7¼	7¼-7⅜	7⅜-7½	7¼-7⅜	7⅝-7¾	7.00
Zurich	1⅛-1⅜	3-3¼	-	3-3¼	-	-
Amsterdam	3⅛-4	3⅞-4	-	4⅛-4⅛	-	-
Tokyo	3.40625	3.96875	-	3.96875	-	-
Milan	9⅞-10⅛	10⅞-11⅛	-	11-11½	-	-
Brussels	3.10	5⅞-6⅛	-	6-6⅛	-	-
Dublin	7⅛-7⅜	7⅛-7½	7⅛-7⅜	7½-7¾	7⅞-8	-

LONDON MONEY RATES

June 17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	8¼	8½	8⅛	9⅛	9⅛	9⅞
Interbank Bid	1	6¼	7⅞	8⅞	9¼	9⅝
Sterling CDs	-	-	8⅛	8⅞	9⅛	9⅜
Local Authority Deps.	7	7¼	8⅛	8⅞	9⅛	9½
Local Authority Bonds	-	-	8	8⅞	8⅞	9¼
Discount Mkt Deps	8¼	7½	7⅛	8⅞	-	-
Company Deposits	-	-	8⅛	9	9⅛	9¼
Finance House Deposits	-	-	8¼	8⅞	9⅛	9⅜
Treasury Bills (Buy)	-	-	8⅞	8⅞	-	-
Bank Bills (Buy)	-	-	8⅛	8⅞	9⅛	-
Fine Trade Bills (Buy)	-	-	9⅛	9⅛	-	-
Dollar CDs	-	-	7.50-7.45	7.60-7.55	7.80-7.75	8.10-8.05
SDR Linked Dep Offer	-	-	6	6¼	6½	6¾
SDR Linked Dep Bid	-	-	5⅞	6	6⅛	6½
ECU Linked Dep Offer	-	-	6	6⅜	6⅝	6⅞
ECU Linked Dep Bid	-	-	5⅞	6⅛	6½	6¾

Treasury Bills (sell): one-month 8⅝ per cent; three months 8¾ per cent. Bank Bills (sell): one-month 8¾ per cent; three months 8¾ per cent. Treasury Bills: Average tender rate of discount 8.7813 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 31 1988. Agreed rates for period June 26 1988 to July 25 1988. Scheme I 9.37 p.c. Schemes II & III 9.39 p.c. Reference rate for period April 30 1988 to May 31 1988 Scheme IV & V 8.114 p.c. Local Authority and Finance Houses seven days notice, others seven days fixed. Finance Houses Base Rate 8½ p.c. from June 1, 1988. Bank Deposit Rates for sums at seven days notice 2 per cent. Certificates of Tax Deposit (Series 6) Deposit £100,000 and over held under one month 7½ per cent; one-three months 8¼ per cent; three-six months 8½ per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent. Under £100,000 6 per cent from May 17 1988. Deposits withdrawn for cash 5.00 per cent.

LONDON STOCK EXCHANGE

Gilts and equities fall on RPI news

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun 6	Jun 16	Jun 17	Jun 27
Jun 20	June 30	Jul 1	Jul 11
Jul 4	Jul 14	Jul 15	Jul 25

*New time dealings may take place from 9.00 am two business days earlier.

INFLATION WORRIES returned to the UK securities markets yesterday, bringing a drab close to the trading Account in equities and an upward move in bond yields. Nervousness came to a head at midday when the possibility of another half point rise in bank base rates reasserted itself as some bill rates edged higher in the London money market.

Concern over domestic inflation was rekindled by the disclosure that the UK retail prices rose by 0.4 per cent in May, somewhat above expectations. The equity market, already unsettled by overnight weakness in New York, as well as by a £176m rights issue of Euro Convertible preference shares by Saatchi & Saatchi, slumped through the FT-SE 1850 support level to show a loss at one stage of 23 points. Government bonds fell by ¾ of a point.

Both sectors rallied, however, before the close, with equities recovering half their fall and seeing speculative interest as the sector moved into the new trading Account at 3.30pm.

The FT-SE 100 Index finished a net 11.8 down at 1850.1, helped in the final minutes by a mid-session rally on Wall Street. Turnover was at the high end of recent averages, with 506.1m shares recorded on the Seaq system. While the major investment funds continued to sit on their hands, there was some demand from the more aggressive merchant bank fund managers.

The FT-SE Index showed virtually no change over the account (+0.3 points) despite the favourable reception initially accorded to the reduced US trade deficit for April, announced on Tuesday.

Mr Ian Harwood, economic strategist at Warburg Securities, drew attention to worries that the US trade figures might prove to be a freak, and also to concern over upward pressure on international interest rates, particularly in West Germany.

Inflationary concerns reappeared in the UK, following the latest data on average earnings and prices. Analysts await next week's publication of the latest survey of UK business opinion and of UK money data for May followed by UK trade figures for last month.

Against this backcloth, Government bonds ended with net falls of ¾ point. Base rate worry is likely to overhang the sector for the immediate future. Index-linked Gilts drew little benefit from the revived inflation worries, closing barely changed.

Saatchi & Saatchi baulked at the latest fund-raising moves, weakening 31 to 372p after a day's low of 368p. The call for cash was not unexpected – one analyst said it was obviously going to happen - but the method in obtaining the money was. Saatchi proposes a novel Euro-convertible issue of preference shares to raise £176m, partly to finance the acquisition of the Gartner group, a publicly quoted US company.

The news brought immediate criticism of the group issuing too much paper with no guarantee there would not be future paper chases, and trying the patience of institutional investors. But one follower of the stock thought the scepticism ungenerous and said "growth for the group can only be by acquisition".

Boots, which failed to capture the markets' interest following the announcement of preliminary figures last week, drifted back a few pence to 219p in a quiet trading session. Most commentators regard the group's current prospects as unexciting.

However, the team of analysts at Kleinwort Grieveson take a different view. They are very optimistic about the potential impact in the 1990's of two of Boots' drugs, the cardiovascular Flosequinan and the anti-depressant BTS 54524, which are currently in research and development. They also believe that Boots' shares offer outstanding long-term value, enhanced by a strong balance sheet and by a particularly attractive yield.

Helped by a much steadier initial performance on Wall Street yesterday, the International stocks bounced back from a poor start. Most quotations ended the day with small gains on balance with Beecham closing a shade harder at 471p, after having been down to 465p at one stage, but Glaxo, although above the worst, still recorded a fall on the day of 16 at 949p, after 944p; the slight recovery was assisted by the appearance of a US retail buyer. ICI, however, showed resistance thoughout the session and closed a shade harder at 1048p.

Pilkington took a distinct turn for the better following recent dullness on the preliminary figures. Several large buying orders combined with a great deal of smaller trading activity left the shares 5 to the good at 209p, after 200p. Volume amounted to around 8.2m.

Life insurance shares took over the running in the financial sector in the wake of a published review of life industry taxation by the Inland Revenue. Share prices in the sector, which has been influenced by takeover speculation recently, eased initially before rallying to close with mixed changes.

Legal & General, at 304p, closed on the dull side, as did London & Manchester (288p). There was brisk trade in Prudential, which ended 6 off at 157p on turnover of 4.5m shares. Pearl gave back 5 of the week's speculative gain, closing at 504p.

In composites, General Accident eased 10 to 917p as the market caught the hint that the group is being pressured to increase its offer for Sir Ron Brierley's 35 per cent stake in NZI, the financial services group. The market believes that Gen Acc's sealed bid of NZ$ 2.45 a share for the NZI stake was leaked to rival bidders. Royal, still looking for confirmation of a link-up with Groupe Victoire, dipped 4 to 410p.

Clearing bank stocks, nervous over interest rates at first, closed steadily, although mostly still easier on the day. NatWest, down 6 at 564p, remained unsupported. Among merchant banks, Morgan Grenfell gained 5 to 345p as speculators hoped for confirmation in the new Account of reports of overseas bid interest.

British Gas remained firm, edging up by 1¼ to 186p on turnover of 16m shares, in response to the City's favourable response to the trading figures and dividend payment.

The rest of the energy sector was quiet, with the majors easier in response to Wall Street's overnight fall. Prices steadied before the close, however, leaving BP new 2¼ down at 66p and the old 4 off at 262p.

Calor Group closed unchanged at 369p after announcing profits of £74.2m, in line with expectations. Speculative stocks came to life again at the close, and Enterprise Oil ended 13 up at 463p. Ultramar, still responding to the price paid by Saudi Arabia for Texaco's eastern US refining network, added 3 to 312p.

Distillery shares were one of the rare bright corners of the market being underpinned by the proposed reform of Japanese taxes on wines and spirits which will halve the duty on imports of Scotch whisky next year. Macallan-Glenlivet continued to be the chief beneficiary, gaining 25 more to 950p. Invergordon, which surged higher earlier in the week on a report that a predator was considering a bid, revived strongly late to end 14 up 300p for a gain on the week of 34.

Whitbread "A" slipped back with the general trend to close 6 down at 305p. Commenting on the stock in his latest Drinks Monitor, Nigel Popham of Morgan Grenfell considers it particularly cheap. He highlights projected EPS growth of 19 per cent for 1988/89 and a prospective PER of 9.1, which is significantly below the average for the FTA 500, among other attractions. Speculative buyers came for Boddington late in the day and, amid talk of bid possibilities, the shares jumped 14 to 175p.

Store shares followed the general market trend, but in common with many of the other sectors, the day's interest centred on the current speculative favourites. Sears were one of the more actively traded stocks (around 6.1m went through the system) before settling a few pence cheaper at 117p. Persistent demand for "new-time" left Storehouse a penny better at 264p, after having been down to 258p at one stage; earlier in the week it was being suggested that Mountleigh may make another approach later in the year.

GEC and other defence stocks followed the general retreat as a leading securities house disputed the view that the City was taking a too pessimistic view over Government defence spending. Volume contracted noticeably and only Plessey attracted any worthwile trade. Persistent selling accompanied talk of "positive news is needed to sustain the present price level" and Plessey shares ended 6 down at 157p. An incorrect bargain involing nearly 5m shares swelled turnover in Ferranti, easier at 80¼p, while GEC closed 2 off at 151p.

Cable & Wireless marked time awaiting Wednesday's preliminary statement - the maiden results of Hong Kong Telecommunications, where the group has an 80 per cent stake, were broadly in line with estimates. Racal Electronics rushed forward after the official close, settling 7 higher at 323p, but Chloride were unsettled by disappointing full-year profits and ended 5 lower at 48p.

Fears of higher interest rates tended to unsettle the Building sector initially, but these were eventually shrugged aside with prices closing only a little easier on the day. Some of the more speculative issues encountered late support. Ruberoid, in which Raine Industries recently acquired a stake, was inclined easier in the early dealings but recovered on persistent speculative demand to close 6 up on the day at 212p. Stanley Miller, up sharply in the previous trading session as Helical Bar revealed a 5.1 per cent interest in the group, reacted initially to 173p before renewed demand took the price back up to a close of 181p, only 2 off on the day. Over the week the shares recorded a gain of 31.

Cadbury Schweppes began to glow again as professional traders opened new positions for the Account starting on Monday. The renewed demand countered sales, mainly of a profit-taking nature, which helped swell turnover to 4.6m shares, and late in the session the price moved higher to close 4 up at 405p.

Pleasurama had a busy day as buyers followed through on demand which began late the previous session. Much of the business was effected through Inter-Dealer Brokers and it appeared that some marketmakers were caught short of stock. A reason for the surge of interest was difficult to pinpoint and the strength of the shares, up 11 at 208p, inevitably aroused speculation of a bid. The chairman told shareholders at Tuesday's annual meeting that a good year was in prospect. Virgin came back 3 to 90p following the disposal of 74 smaller music shops to W.H.Smith for £23m cash. The latter fell 10 to 285p.

Property stocks fell back during the day as concern rose that the long-awaited decision next Tuesday in the European Court of Justice on whether British developers should be charged VAT on commercial and industrial developments could go the wrong way. It now looks likely that developers will have to pay VAT on all new construction projects, which analysts say could harm profit margins, deflate site values and slow down the pace of development.

In an easy market Helical Bar shone, up 8 to 348p after its stake-building exercise in the builders Stanley Miller on Thursday. Regentcrest was another to swim against the market's tide, boosted 8 to 121p by speculative buying. The main fallers of the day were Hammerson "A", down 6 to 623p as profit-taking continued, and Priest Marians, who slipped back 8 to 375p despite rumours that chairman Simon Fussell was again in the market looking to increase his personal stake. However, dealers expect prices to firm next week in anticipation of some good results for the new Account, particularly Greycoat's on Thursday.

BAT Industries traded quietly awaiting the California Insurance Commissioner's decision on the group's offer for the Farmers Group of US. BAT said yesterday 28.2 per cent of Farmers' shares have been tendered in response to its $63 per share offer which has been extended until July 14.

Rothmans International moved against the general direction of the market, surging 12 to 445p ahead of the annual results, due on Thursday.

In Overseas Traders Harrisons & Crosfield bucked the market trend to improve 11 to 640p as commodity prices continued to strengthen on the back of the worsening US drought. Some dealers believe H&C to be a good bargain, and BZW in particular is said to have been a heavy buyer of the stock in the past few days.

Polly Peck eased 4 to 306p after announcing its acquisition of two - one Dutch and one American - fruit and vegetable distributors. The move was a strategic one, said County NatWest WoodMac analyst Robert Sassoon, and part of Polly Peck's plan to become an all year-round supplier of produce to the European, American and Far Eastern markets.

The Traded Options week ended quietly, with no big surprises. A total of 31,778 contracts were traded, made up of 18,402 calls and 13,376 puts. Trading in FTSE 100 stock contracts was strong, particularly in June 1850 puts and calls. Once again Hanson Trust was popular, with 2,403 puts, Racal featured with 1,366 calls, and Trusthouse Forte, another market favourite, closed with 2571 calls.

FINANCIAL TIMES STOCK INDICES

	June 17	June 16	June 15	June 14	June 13	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	89.35	89.85	90.24	90.03	89.80	91.16	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.38	98.48	98.36	98.20	98.18	98.50	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♦	1472.6	1481.6	1485.6	1482.7	1458.6	1758.3	1485.6 (15/6)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	215.5	221.2	221.8	221.2	217.2	390.1	312.5 (7/1)	195.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.52	4.49	4.45	4.45	4.53	3.26				
Earnings Yld % (full)	11.58	11.52	11.42	11.41	11.64	7.86				
P/E Ratio (net) (*)	10.55	10.58	10.68	10.68	10.48	15.67				
SEAQ Bargains (5pm)	30,657	28,026	30,017	25,773	25,040	43,540				
Equity Turnover (£m)	-	1187.29	1589.48	1064.99	1304.26	1523.58				
Equity Bargains	-	30,442	31,143	26,416	31,294	53,267				
Shares Traded (ml)	-	517.3	533.0	390.6	388.1	628.7				

♦ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1474.5	1470.2	1467.7	1464.5	1463.9	1463.0	1466.9	1472.6

Day's High 1475.5 Day's low 1463.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.42.

S.E. ACTIVITY

Indices	June 16	June 15
Gilt Edged Bargains	105.9	124.7
Equity Bargains	197.5	201.79
Equity Value	2399.8	3212.8
5-Day average		
Gilt Edged Bargains	111.6	105.3
Equity Bargains	193.8	191.8
Equity Value	2693.9	2659.2

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*426)	390	42	57	65	2½	9	[illegible]
	420	20	34	45	11	17	[illegible]
	460	7	16	27	32	42	[illegible]
Brit. Airways (*147)	130	18	-	-	1	[illegible]	[illegible]
	140	11	18	21	2½	[illegible]	[illegible]
	160	3	9	12	14	20	[illegible]
[illegible]							

June 17 Total Contracts 31,778 Calls 18,402 Puts 13,376
FT-SE Index Calls 1221 Puts 1703
*Underlying security price.

Traditional Options

- First dealings June 13
- Last dealings June 24
- Last declarations Sept 15
- For Settlement Sept 26

For rate indications see end of London Share Service

Dealers reported a lively business in the Traditional option market. Stocks favoured for the call included Cityvision, Raine Industries, Wiggins, Ellis and Goldstein, B. Priest, Virgin, Excalibur, Blacks Leisure, Bryant Holdings, Highland Distillers, Tuskar Resources, Control Securities, SI Group, Amalgamated Financial, Banner Homes, Singer and Friedlander, Bristol Channel and Hawthorn Leslie. No put or double options were reported.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (102).

AMERICANS (5) CANADIANS (3) BREWERS (3) BUILDINGS (10) CHEMICALS (1) STORES (2) ELECTRICALS (7) ENGINEERING (2) INDUSTRIALS (24) LEISURE (6) PAPERS (2) PROPERTY (7) TOBACCOS (1) TRUSTS (7) OILS (5) OVERSEAS TRADERS (2) PLANTATIONS (3) MINES (9) THIRD MARKET (2).

[illegible]

NEW LOWS (26).

BRITISH FUNDS (3) Treas. 11½pc 1989, Treas. 13pc 1990, Exch. 12½pc 1990, CANADIANS (1) [illegible]

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included5

Corp of London5¾% Deb Stk 83/88 – £77 (13Je88)

Greater London Council6¾% Stk 90/92 – £91¾♦

Birmingham Corp3½% Stk 1946(or after) – £25 (15Je88)

Birmingham District Council11½% Red Stk 2012 – £109¾ (14Je88)

Bristol(City of)11¾% Red Stk 2008 – £110¾ ¾ (15Je88)

UK Public Boards

Foreign Stocks, Bonds, etc–(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

National Westminster Bank PLCADR (3:1) – $30.95

7% Cum Prf £1 – 73

9% Subord Uns Ln Stk 1993 – £97¾ 8

12½% Subord Uns Ln Stk 2004 – £116¾ (15Je88)

Warrants to sub for Ord – 47 (13Je88)

11% Cum Prf £1 – 108 (10Je88)

Schroders PLC8¾% Uns Ln Stk 97/2002 – £87¾ (14Je88)

Standard Chartered PLC12¾% Subord Uns Ln Stk 2002/07 – £110¾

TSB Group PLCOrd 25p – 104 5 5 ¾ 5 8 .106 ¾ 7 7

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Insurance

Investment Trusts

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water Works

USM Appendix

Transrap Hldgs PLCOrd 10p – 67 (14Je88)

Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £85 (13Je88)

Young Group PLCOrd 10p – 160 9 80 3

The Third Market Appendix

No. of bargains included120

Beckenham Group PLCWarrants to sub for Ord – 9

9% Red Cum Non-Vtg Prf £1 – 96

Moray Firth Exploration PLCOrd 1p – 16

Pennant Group PLCOrd 2p (Ex Div) – 25♦

Pennine Optical PLCOrd 2½p – 45♦

Scott Pickford PLCNew Ord 10p (Fp/LA–1/7/88) – 24 (15Je88)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the *Official List.*

Abitibi price C$22½♦ (13/6)
Acorn Securities 14½♦A$0 19♦0.321
Allstate Explorations A$0.249
America Barrick Resources Corp Com NPV $22¼
Amsterdam Rotterdam Bank FL71 4♦70.8,71,71.2
Aust. Development A$1 944
Aust. Foundation Inv 56♦A$1.395 (14/6)
Bass Strait Oil & Gas $0 09 (13/6)
Black Hill Minerals 4,A$0 61 (10/6)
Brascan A NPV £11⅝ (13/6)
Brown-Forman Inc Class 'B' £28.2 (15/6)
Cadbury Schweppes Australia A$3.518
Central Norseman Gold A$1.05,1.145,1.16
Central Victorian Gold Mines A$0.149
Cerebos Pacific S$5.85
Churchill Resources A$0 091 (15/6)

Regal Hotels (hldgs) 20♦ (13/6)
Regent Mining 7 (10/6)
Royex Gold Mining C$5¾♦ (10/6)
Sky Line Explortn 680
Societe Nationale Elf Aquitaine FR326♦320,3,5
Source Perrier FR900♦
Steep Rock Resources 75 (13/6)
Sumitomo Metal Industries Y498,9,500
Sun Electric Corp $16.9,16.96 (13/6)
Sun Hung Kai Properties HK$12.1 (15/6)
Tai Cheung Properties HK$4.05911 (13/6)
Target Petroleum Ord A$0.301
Target Petroleum 4 (15/6)
Vaftan Minerals 31♦
Walhalla Mining Co A$1.234
Wharf Hldgs HK$7¾♦ (10/6)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams & Co. £18 (14/6)
All England Lawn Tennis Ground £23500,24000
Ann Street Brewery 700 (14/6)
Berwick Group 32,¼ (13/6)
Dolphin International 29
Exchem 67 (13/6)
Greenstar Hotels 72,3 (15/6)
Guernsey Press 200
Hartley Baird 64,½,5,½
Jacques Mathiot Wines 41
Le Riches Stores 395 (15/6)
Merrett 410,3,8 (10/6)
Musterlin Grp. 100,¾ (14/6)
National Parking Corp. 325 (15/6)
Portsmouth Water £30

By Permission of the Stock Exchange Council

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday June 16 7988

Property	+ 22.84	Telephone Networks	+ 10.53
Leisure	+ 20.86	Insurance(Life)	+ 10.19
Mining Finance	+ 20.05	Health & Household Products	+ 9.69
Overseas Traders	+ 18.70	500 Share Index	+ 9.60
Food Manufacturing	+ 18.06	Industrial Group	+ 9.15
Contracting,Construction	+ 16.80	Building Materials	+ 8.90
Investment Trusts	+ 15.92	Consumer Group	+ 8.60
Insurance(Brokers)	+ 16.03	Other Groups	+ 8.60
Brewers and Distillers	+ 15.80	Merchant Banks	+ 8.18
Agencies	+ 15.45	Other Industrial Materials	+ 6.80
Shipping & Transport	+ 14.06	Motors	+ 6.45
Electronics	+ 13.58	Banks	+ 5.96
Insurance(Composite)	+ 13.21	Electricals	+ 5.06
Financial Group	+ 12.86	Textiles	+ 3.57
Oil & Gas	+ 12.38	Packaging & Paper	+ 3.33
Mechanical Engineering	+ 11.80	Publishing & Printing	+ 3.13
Metals & Metal Forming	+ 11.26	Chemicals	+ 1.73
Conglomerates	+ 11.26	Food Retailing	- 0.86
Capital Goods	+ 10.60	Stores	- 1.05
All Share Index	+ 10.88	Gold Mines Index	- 36.78

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	1	111	1	218	293	54
Corporations, Dom. and Foreign Bonds	3	18	32	68	54	143
Industrials	238	638	688	1,894	2,177	3,749
Financial and Props	99	219	332	849	748	1,671
Oils	29	36	43	124	177	235
Plantations	5	0	8	13	11	41
Mines	38	65	88	241	260	452
Others	51	114	110	464	359	454
Totals	464	1,201	1,302	3,871	4,079	6,799

BANK RETURN

BANKING DEPARTMENT	Wednesday June 15, 1988		Increase (+) or decrease (-) for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	110,821,509	+	33,490,588
Bankers Deposits	1,087,835,862	-	144,781,824
Reserve and other Accounts	2,441,970,735	+	154,202,521
	3,665,181,156	+	42,920,483
ASSETS			
Government Securities	698,157,877	-	14,935,000
Advance and other Accounts	812,560,135	-	135,165,503
Premises Equipment & other Secs	2,344,108,408	+	191,076,446
Notes	10,088,980	+	1,982,595
Coin	265,810	-	38,056
	3,665,101,156	+	42,920,483

ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	13,829,911,020	+	18,017,405
Notes in Banking Department	10,088,980	+	1,982,595
	13,840,000,000	+	20,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	7,753,452,591	+	782,665,587
Other Securities	6,075,532,309	-	762,665,587
	13,840,000,000	+	20,000,000

FT UNIT TRUST INFORMATION SERVICE

Target Trust Mngrs Ltd
Target Hse, Gatehouse Rd, Aylesbury Bks 0296 394000

American Eagle	61.9	65.9xd	-0.1	1.25
Australia	0.5	8.4	—	0.10
Commodity	80.1	85.2	—	1.86
Convertible	151.1	160.6	-1.0	5.44
Equity	143.7	153.0xd	-1.8	3.21
Euro Spec Sits	78.4	85.8	+0.2	1.31
Financial	31.2	33.2	-0.3	1.89
Global Opps Inc	58.4	62.1	—	—
Global Opps Acc	58.4	62.1	—	—
Gold Income	54.7	58.2	+0.4	0.85
Gold Acc	100.7	107.2	+0.7	0.85
Income	107.8	114.2xd	-3.0	4.73
Japan	128.3	135.9	-0.1	0.10
Pacific Income	115.8	122.7	—	0.86
Pacific Br Inv	143.6	152.6	+0.1	0.86
Preference Share	25.4	27.0	-0.2	5.77
Special Sits	101.2	107.8	-0.2	0.55
Technology	42.0	44.8	+0.1	0.10
UK Capital	89.4	95.2	-1.2	1.28
World Income	50.8	54.1	—	5.24
Worldwide Capital	145.4	154.7	-1.5	1.16
Equity Exempt	111.0	118.1xd	—	1.54
Equity Exempt Acc	212.6	226.2	—	1.54

Templeton Investment Management
20 Cornhill Avenue, EC2R 7PA. 01-588 6064

Intl Pen & Ch'ties	89.9	93.4xd	+2.21	—

Thornton Unit Managers Ltd
33 Cavendish Sq., London W1M 7HF 01-493 7262
Dealing 01-493 8545

American Opps	37.6	40.1	+0.2	1.37
(Accum Units)	38.4	41.0	-0.2	1.37
European Opps	42.8	44.8	+0.2	1.06
Far Eastern Opps	84.6	90.2	+0.4	0.45
(Accum Units)	84.8	90.5	+0.9	0.45
Golden Opps	35.1	37.4	+0.1	1.19
Intl Hi-Yield	43.5	46.4	+0.2	4.25
Japanese Opps	60.7	64.7	+0.6	0.86
(Accum Units)	60.7	64.7	+0.6	0.86
Kangaroo	31.8	33.9xd	+0.3	1.32
Oriental Income	28.8	30.7	+0.2	2.01
(Accum Units)	29.3	31.3	+0.3	2.01
Pacific Technology	52.7	56.3	-0.1	0.00
(Accum Units)	52.7	56.2	-0.1	0.00

J. Rothschild Fund Managers Ltd—Contd.

INSURANCES

AA Friendly Society
Investment Mngt M & G Inv Mngt Ltd

AA Friendly Sy Jun 10	—	139.4	—	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	234.0	247.2	—	—
Equity Ser. 1	117.9	124.2	-2.1	—
Prop. Acc. Ser 2	340.1	358.1	—	—
Equity Ser 2	150.3	157.2	-2.4	—
Selective Acc	280.5	295.4	-2.5	—
Prop Ser 4	268.1	282.3	—	—
Equity Ser. 4	132.7	139.7	-2.9	—
Fixed Int. Ser. 4	211.8	223.0	-3.0	—
Indexed Inv. Ser. 4	120.4	126.9	-0.5	—
American Ser. 4	254.0	267.4	-3.6	—
High Inc. Ser. 4	371.9	391.5	-4.3	—
Japan Ser 4	285.2	300.3	+1.2	—
Man. Ser. 4	370.4	389.9	-3.7	—
Money Ser. 4	215.5	227.0	—	—
European Ser 4	91.4	96.3	+0.4	—
Pension Funds				
Property	451.2	475.0	—	—
Equity	930.9	989.4	-17.6	—
Selective	298.9	314.7	-3.8	—
Managed	671.8	707.2	-9.5	—
Security	394.6	415.4	—	—
Fixed Int.	236.0	248.5	-3.2	—
European	123.9	130.5	+0.7	—
American	206.7	217.6	-4.0	—
Japan	306.9	323.1	+1.5	—
Indexed	127.6	134.4	-0.3	—
International	141.5	149.0	-0.3	—
Ethical	100.5	105.8	+0.1	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¼	99	Treas 9½pc '88	100		9.49	8.96
102	101	Treas 11½pc 1989	101		11.33	9.12
101	99	Treas 9½pc Cnv 1989	100¼		9.48	9.15
97	95	Treas 3pc 1989	97¼		3.09	6.44
102	100	Treas 10½pc 1989	101¼		10.37	9.10
102	100	Exch 10pc 1989			9.92	9.21
103	101	Exch 11pc 1989	102		10.78	9.21
97	95	Treas 5pc 1986-89			5.17	7.60
104	101¼	Exch 10¼pc Cv '89	102		10.05	8.69
107½	105	Treas 13pc 1990	105		12.34	9.23
104	102	Exch 11pc 1990	102		10.72	9.21
107	105	Exch 12¼pc 1990	105		11.90	9.28
93	91	Treas 3pc 1990	92		3.24	7.18
99	98	Treas 8¼pc 1987-90	98		8.35	8.91
102	98	Treas 8pc Cv 1990	99½		8.02	0.16
103	100	Treas 10pc Cv 1990	101½		9.85	9.23
91	88	Exch 2½pc 1990	89		2.78	7.11
107¼	105	Treas 11¼pc 1991	105		11.14	9.27
95	92	Funding 5¾pc '87-91	93		6.13	8.24
90	87	Treas 3pc 1991	88		3.38	7.38
105	101	Treas 10pc Cv '91	102		9.73	0.94
107	104	Exch 11pc 1991	104		10.49	9.26
98	95	Treas 8pc 1991	96		8.28	9.14
113	109	Treas 12¾pc 1992	110		11.54	9.24
104	101	Treas 10pc 1992	102		9.79	9.27
98	94	Treas 8pc 1992	96		8.31	9.17
106	102	Treas 10½pc Cv 1992	103		10.12	9.30
86	83	Treas 3pc 1992	85		3.52	7.38
112	108	Exch 12¼pc '92	109		11.17	9.40
117	113	Exch 13½pc 1992	113		11.85	9.41
40	38	Treas 8¾pc 1993 (40)M	38		0.60	9.33
105	100	Treas 10pc 1993	102		9.75	9.32

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
130	121	Exch. 12pc '13-17	127		9.41	9.19

Undated

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
44	41	Consols 4pc	45		9.18	–
39	37	War Loan 3½pc	38		9.00	–
52	48	Conv. 3½pc '61 Aft.	51		6.77	–
33	30	Treas. 3pc '66 Aft.	32		9.21	–
28	26	Consols 2½pc	27½		9.09	–
28	26	Treas. 2½pc	27½		9.09	–

Index-Linked

1988 High	Low	Stock	Price £	+ or –	(1)	(2)
121	117½	Treas 2pc IL '90	121		0.44	2.21
103	99	Do. 2pc '92	102		2.03	2.76
40	39	Do. 2pc '94	40		2.52	2.97
139	127	Do. 2pc '96	139		2.82	5.18
114	103	Do. 2½pc '01	114		3.53	3.79
111	101	Do. 2½pc '03	111		3.61	3.84
112	102	Do. 2pc '06	112		3.69	5.88
105	95	Do. 2½pc '09	105		5.71	5.89
100	99	Do. 2½pc '11	109		3.73	3.89
90	82	Do. 2½pc '13	98		3.72	5.87
98	88	Do. 2½pc '16	97¼		3.69	3.84
95	87	Do. 2½pc '20	95¼		3.64	3.77
80	73	Do. 2½pc '24	80		3.60	3.72

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 5.945. RPI for October 1987 102.9 and for May 1988 106.2

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass	45		5.50	17.78
45	33	Do. 6pc 28 Stb Ass.	45		3	16.67
45	33	Do 4pc Mixed Ass.	45		3	14.44
75	63	Hung. '24 Ass	75		2.75	13.67
140	128	Hydro Quebec 15pc 2011	134		15.00	10.54
128	118	Iceland 14½pc Ln 2016	126		14.50	11.27
101¼	96½	Ireland 9¾pc '91-96	100		9.75	9.60

AMERICANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29	22	Abbott Laboratories	25		$1	–	2.6
649p	405p	Allegheny & W 1c	442p	–2		–	5.7
12	862p	Amax $1	12			–	–
30	16	Amdahl 5c	29			–	0.4
30	22	Amer. Cyanamid $5	28		$1	–	2.1
15½	11¼	Amer. Express 60c	14			–	2.0
985p	668p	Amer. Medical Int. $1	962p	–16		–	4.1
17¼	13	American T & T $1	14		$1	–	4.4
54	44	Ameritech $1	51		$5	–	–
27	16	Amfac 1	27			–	–
18	15	Anheuser-Busch $1	17			–	1.9
668p	360p	BankAmerica $1	663p	–25		–	–
21	16	Bankers N Y $10	20		$1.86	–	5.0
41	34	Bell Atlantic $1	40		$4.08	–	5.5
24	19	BellSouth Corp.	23		$2.36	–	5.4
12	850p	Bethlehem Steel $8	12			–	–

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price $	+ or −	Div Gross	C'vr	Y'ld Gr's
26½	21¼	Tenneco $5	23¼	−¼	$3.04	—	6.5
28⅝	19½	Texaco $6.25	27⅝	−⅛	♦$3.00	—	5.9
56⅝	43¼	Time Inc. $1	53⅞xd	−⅝	$1.00	—	1.0
20⅝	13⅞	Transamerica $1	19½	−¼	$1.84	—	5.2
10½	754p	Transworld Corp $5	10⅝	−⅛	20c	—	1.1
20⅞	14½	TRINOVA Corp	17⅜xd	+⅛	56c	—	1.8
19	15⅛	USX $1	17⅛	.....	$1.20	—	3.7
23	17⅝	Utd. Technologies	21¼xd	−⅞	$1.60	—	4.0
31¼	26¼	US West§	30¼	−½	$3.52	—	6.5
21¼	16⅞	Waste Management $1	20⅛xd	−⅛	48c	—	1.3
16¼	12⅞	Whirlpool $1	15⅝	−⅛	$1.10	—	3.9
32⅞	18¼	♦Woolworth $3½	29⅞	−⅛	$1.64	—	3.0

CANADIANS

High	Low	Stock	Price	+ or −	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	173p	−17	—	—	—
32p	11p	♦Abbot Energy Corp.	24½p	.....	—	—	—
14¼	990p	♦Amer. Barrick Res.	12⅛	.....	—	—	—
10p	3½p	American Lightwave	7p	.....	—	—	—
47p	18¾p	♦Armeno	23p	+2½	—	—	—
76p	45p	Augmitto Expln.	67p	−2	—	—	—
11½	10⅝	Bk. Montreal ‖	12½	.....	$2.00	—	7.1
620p	514p	Bk. Nova Scot. ‖	620p	.....	76c	—	5.4
17½	15¼	BCE ‖	17⅜	.....	$2.44	—	6.3
716p	591p	♦Bow Valley‖	643p	.....	♦40c	—	2.7
12¼	10½	♦Brascan‖	11¼	.....	88c	—	3.2
328p	189p	♦Breakwater Res.	260p	−2	10c	—	1.7
10⅝	801p	Can. Imp. Bank‖	10⅝	.....	$1.16	—	4.8
10¼	841p	Can. Pacific ‖	10⅝	.....	60c	—	2.5
41½	40	Do. 4pc Deb £100	40½	.....	4%	—	9.9
476p	362p	Central Capital "A" ‖	462p	+2	—	—	—
886p	288p	Cons. TVX Min.	456p	+2	—	—	—
224p	76p	Danbos Res.	224p	+4	—	—	—
555p	430p	Derlan Inds	555p	+15	11.75c	—	0.9
14¼	984p	♦Echo Bay Mines	12⅝	.....	14c	—	0.5
40p	26p	Energex Minerals	34½p	−2	—	—	—
107p	83p	Euro-Asia Capital Ltd	94p	.....	—	—	—
382p	222p	♦Galactic Resources	364p	+19	—	—	—
123p	99p	♦Geodome Res.	116p	+1	—	—	—
394p	206p	Granges Expln‖	231p	+1	—	—	—
16½p	8¼p	♦Gt. Pacific Res.	11½p	.....	—	—	—
899p	652p	♦Gulf Canada‖	868p	.....	52c	—	2.6
10⅞	816p	♦Hawker Sid Can‖	10⅛	.....	$1.08	—	4.4
588p	344p	Henlys Group	485p	+2	—	—	—
957p	785p	♦Hudson's Bay ‖	891p	+12	60c	—	3.0
27⅝	22⅞	♦Imperial Oil‖	26¼	.....	$1.80	—	3.0
18¼	10¼	Inco‖	18¼	.....	US$0.80	—	2.4
451p	312p	♦Intl. Corona Res.	439p	+2	—	—	—
718p	462p	♦Inland Nat. Gas $1	532p	+3	60c	—	5.0
577p	390p	♦Lacana Mining Corp ‖	560p	+8	Q15c	—	1.2
250p	150p	Madeleine Mines	210p	−4	—	—	—
181p	126p	♦Muscocho Expln.	176p	+6	—	—	—
187p	75p	♦Ntnl Business Syst. ‖	124p	.....	—	—	—
237p	110p	♦Nevada Goldfields	185p	+3	—	—	—
12	787p	♦Rio Algom	10⅝	−¼	$1.30	—	5.4
14½	11½	Royal Bk. Can. ‖	14½	.....	$2.08	—	6.3
269p	177p	♦Royex Gold Mining ‖	266p	+2	—	—	—
32½	26⅝	Seagram‖	31½	−¼	US$1.20	—	2.1
361p	178p	♦Sonora Gold Corp‖	185p	−3	—	—	—
73p	18p	Spiral Eng	62p	−4	—	—	—
147p	35p	Taro Pure Tech. Corp ‖	146p	−1	—	—	—
14⅝	11¼	Toronto-Dom. Bk. ‖	14⅝	.....	$1.12	—	3.5
64p	14p	♦Trans Atlantic Res ‖	16p	.....	—	—	—
671p	566p	♦Trans Can Pipe	648p	+11	68c	—	4.6
201p	127p	Varity Corp‖	163p	−3	6	—	—

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

56	33	Propeller 10 ..... γ	55	..	—	—	●
31	13	Publishing Hldgs 5p. γ	19	.	—	—	11 4
205	150	Royal Sovereign Grp 10p.	205	...	●6	1 9 / 3 0	19 2
26	22½	Scott Pickford 10p. γ	25	.	3.1	0.7 / 16.5	13 0
80	68	Seacon Hldgs ....γ	76		—	—	●
27	18	Slaks Hldgs 5p. ..γ	18	−1	—	—	46 0
d ½	3	Swanyard Studios 1p γ	3	...	—	—	17 1
262	200	Takare......γ	235	....	b1 0	8 1 / 0 6	24 1
70	d 1	Theme Holdings. . γ	70	+12	●1 1	● / 2.1	●
36	26	Tomorrows Leisure 20p γ	26	.....	—	—	10 4
[illegible]	13½	Tullow Oil 10p .....γ	17	....	—	—	—
[illegible]	118	UPL Group 10p ....γ	120	...	L2 41	● / 2.7	●
[illegible]	120	Unit Group .... γ	1●1	−1	R4 6	2.5 / 4.3	10 1
[illegible]	85	Video Tape Record 5p γ	95	.....	L2.3	2 3 / 3 2	13 7

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3)
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ✤ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p.... γ	70	...
Craig & Rose £1.. γ	688	−2
Finlay Pkg. 5p.... γ	80	.....
Holt (Jos) 25p.... γ	£11½	.....

IRISH

Nat. 9¾% 84/89..	£100½	−¼
9oc Cap Ln. 1996..	£98¼	.....
Fin. 13% 97/02...	£11⅝	....
Arnotts. ... . γ	375	...
CPI Hldgs. ...... γ	118	.....
Carrol Inds .. ... γ	152	...
Hall (R. & H.)	160	−1
Helton Hldgs... . γ	69	+1
Irish Ropes........ γ	165	...
Unidare ... . γ	410	−10

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	30
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	52
Charter Cons.	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd	45
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen	25
Lex Service	33
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	38
Racal Elect.	52
RHM	30
Rank Org Ord.	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property

Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils

Brit. Gas	13
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines

Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES

Weekend June 18/June 19 1988

EC deal will raise electricity prices

BY TIM DICKSON IN BRUSSELS AND MAURICE SAMUELSON IN LONDON

BRITAIN's electricity costs are expected to rise by more than £700m – or 1.5 per cent – as a result of a 15-year programme agreed by European environment ministers in Luxembourg yesterday to counter acid rain pollution.

In the UK the programme will involve doubling the number of existing power stations to be fitted with gas cleaning equipment but should not affect prices until well after the electricity industry is privatised.

Under the European plan, made possible after Britain finally agreed to step up its efforts to combat this form of air pollution, emissions of sulphur dioxide from power stations and other heavy industrial plants will be cut by 60 per cent, from 1980 levels, in three stages between now and 2003 (25 per cent by 1993, 40 per cent by 1998).

Previously, the British Government was committed to cutting emissions in the year 2000 by just 30 per cent.

Sulphur dioxide from coal and oil fired power stations is blamed for acid rain pollution in lakes and waterways. Nitrous oxide emissions, which are also to be curbed, are seen as a main cause of damage to trees. Under the EC plan, emissions of nitrogen oxides will be reduced by 30 per cent in two stages by 1998, including an initial 15 per cent reduction by 1993.

The deal was interpreted in Brussels as a sign that Britain is taking seriously its reputation as the "environmental bad boy" of Europe, though the measures still fall well short of the proposals originally put forward by the European Commission for a 60 per cent cut by 1995.

Environmentalist groups yesterday criticised the measures as insufficient and too slow. Friends of the Earth called them "an important first step" but said they fell short of the levels needed to protect Britain's forests and lakes. It quoted the Nature Conservancy Council as calling for an 80-90 per cent cut in sulphur emissions.

Greenpeace said the agreement looked good from a distance but was weak in its effects. "As far as the UK is concerned, it's pollution as normal for the next five years."

Lord Caithness, the UK's Environment Minister, said after the meeting that Britain is already committed to spending £1bn on meeting higher pollution standards but that more money, at this stage an unquantifiable amount, would now have to be spent by the Central Electricity Generating Board.

It is likely that Britain will have to build large de-sulphurisation units, costing about £210m each, at six 2,000MW power stations compared with the three plants in the present clean-up programme.

De-sulphurisation will also be compulsory at the three coal-fired power stations planned by the CEGB to help meet growing electricity demand by the end of the century.

Yesterday's EC agreement provides for each member state to meet its own individual targets, which vary according to the scale of the problem and, in some cases, severe political hurdles.

Belgium, France and West Germany, for example, will eventually achieve a 70 per cent cut in sulphur dioxide emissions, while Britain's target is in line with the 60 per cent EC average.

EC anti-dumping duties for fibre imports, Page 2

Greek veto plunges community into crisis over farm prices

BY TIM DICKSON IN LUXEMBOURG

THE EUROPEAN Community was plunged into a new agriculture crisis yesterday when Greece unexpectedly vetoed plans to fix EC farm prices for the current year.

The dramatic move, after more than 20 unbroken hours of negotiations, came just before breakfast time in Luxembourg as the other 11 member states were signalling their consent to a final compromise.

"The Champagne was literally being wheeled into the room, the bottles were actually opened," one dejected diplomat said afterwards.

The breakdown, in what until yesterday had been considered largely routine price talks, comes at an embarrassing time for the Community with next week's economic summit in Toronto likely to be dominated by the issue of global farm subsidies.

It underlines the fragile consensus in Europe on the pace of agricultural policy reform and demonstrates the growing political and economic tensions created by recent efforts to reduce EC farm supports.

The veto by Mr Yannis Pottakis, the Greek Agriculture Minister – the first by any country since 1986 – came after the European Commission had refused to concede his 11th-hour demand for a further devaluation of the "green" drachma, the notional currency used to convert common Ecu-denominated prices into local Greek money.

Mr Pottakis had earlier delivered a long statement about Greece's worsening economic position, stressing the country's high inflation, balance of payments difficulties and trade deficit. However, other ministers and their advisers insisted, with ill-concealed irritation, that his request had been made at the last minute.

It was still unclear last night how and when the Greek problem could be resolved with Mr Frans Andriessen, the EC's Agriculture Commissioner, likely to want to consult other commissioners before making any further concessions.

Mr Walter Kittle, state secretary at the Agriculture Ministry in Bonn who conducted the final press conference ruled out the possibility that the matter would have to be dealt with at the forthcoming summit in Hanover. He stressed that 11 member states "have bound themselves to the final compromise and what we are talking about is the final millimetre."

Once this negotiating gap is finally bridged, Europe's farmers will be faced with a nominal price freeze in Ecus for most products.

The pain of real price cuts, however, will to some extent be offset by green currency devaluations for the weaker currency countries, designed to reduce or eliminate the so called negative monetary compensatory amounts (MCAs) which smooth out short-term fluctuations in actual currencies and iron out distortions in cross border trade.

The final compromise provided for a 3.2 per cent devaluation for Britain, 2.5 per cent for Italy, 1.5 for France, 1.55 for Ireland, 1 for Denmark and 1 for Spain (in the sheepmeat sector) to come into effect at the beginning of next year.

Greece was offered a 10 per cent cut immediately and a further 4.5 per cent next year but Mr Pottakis was apparently holding out for a 18.5 per cent green currency devaluation on animal products and 24 per cent for arable products.

Greek MCAs (subsidies for other states' imports and taxes on Greek exports) are currently much higher than elsewhere in the Community at between 35 and 48 percentage points.

Gorbachev faces open conflict over Armenians

By Quentin Peel in Moscow

MR MIKHAIL Gorbachev, the Soviet leader, yesterday faced open conflict between the official authorities of the southern republics of Armenia and Azerbaijan.

The threat of a fresh nationalist backlash loomed after the Supreme Soviet of Azerbaijan had rejected a call by ethnic Armenians for their mountain enclave of Nagorno-Karabakh to become part of neighbouring Armenia. Some 75 per cent of those in the region are Armenian.

A unanimous vote by the Azerbaijan assembly, the equivalent of a local parliament, was the opposite of that taken on Wednesday by the Supreme Soviet of Armenia, which endorsed an appeal by the leaders of Nagorno-Karabakh for the region to be reclassified.

There were fears last night that the vote could cause a new wave of mass protests in the enclave, where the local communist party and Soviet authorities were officially admitted to have lost control of the situation after a month-long general strike.

The development confirms the fundamental dilemma facing Mr Gorbachev and his politburo in Moscow, which has so far refused to countenance the demand for a change of jurisdiction in the region, where Christian Armenians and Moslem Azeris have long lived in tense proximity.

Both republics have new communist party leaders. The old chiefs were summarily dismissed for allowing the situation to deteriorate into open ethnic conflict in February, when race riots in the city of Sumgait left an official death toll of 32.

However, neither of the new leaders has felt able to restrain the nationalist feelings in their respective republics.

The Azerbaijan assembly yesterday supported the Moscow line that an investment programme in Nagorno-Karabakh, coupled with measures to promote Armenian culture, such as television programmes, was sufficient to satisfy nationalist demands.

Moscow must now decide what the Soviet constitution requires for such a change. Mr Gorbachev has promised a plenum of the central committee to consider the whole issue of national relations, but this is not likely to meet at least until the autumn.

Kinnock hits back at his critics

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR NEIL KINNOCK yesterday ended one of his most difficult weeks since becoming Labour leader by attacking critics of the current policy review and insisting that the party had to embrace change if it was to return to government.

He did not respond to the wave of criticism about his personal style of leadership and made scant reference to the party's forthcoming review of defence policy – the two issues which have preoccupied Labour since the resignation on Tuesday of Mr Denzil Davies as the party's defence spokesman.

Yesterday, Mr Davies repeated his claim that he was not consulted sufficiently by Mr Kinnock on defence policy. He said he had no regrets about his decision, which he had taken because he no longer felt he could do his job properly.

Mr Davies confirmed he intended to remain a member of the shadow cabinet until the next elections in October, when he would decide whether to put his name forward for another term.

Mr Kinnock, speaking at a Fabian Society conference in London, repeatedly emphasised the need for Labour to update its policies to capture the substantial numbers of voters who were deeply uneasy about aspects of government policy and who wanted democratic socialism to offer an alternative.

He attacked left-wingers who believed socialism had "a vested interest in frozen attitudes" and who wanted to turn it into "a permanent movement for protests and condolences" which abandoned all pretensions to radicalism. They were keen, Mr Kinnock asserted, to see the socialist movement turned into a monument.

On defence, the Labour leader was careful not to repeat his widely-criticised remarks over the need to abandon what he described as "something for nothing" unilateral nuclear disarmament. He claimed recent moves towards arms reduction validated Labour's non-nuclear defence policy and said the next phase of the policy review would take the latest developments fully into account.

Mr Kinnock devoted much of his speech to attacking the Government, which he said was further widening the gap between rich and poor and whose principal hallmark was increasing public squalor.

Referring to rising levels of "violence for entertainment," Mr Kinnock said the Government refused to acknowledge that such barbarity was "the violent expression of selfishness" which it had enshrined in its political creed.

He warned that by the 1990s Britain would offer riches and insecure affluence for some, destitution for a very large and increasing number and a social climate of "division, danger, alienation and a sense of decadence."

While many individuals and families would have higher incomes than ever before, low wages and lower benefits would leave one in three of the population living on or below the poverty level.

Labour, he added, wanted "economic efficiency, social justice, security in our country and security in the world." They were the party's policy objectives and Labour had to demonstrate how much its ideas and policies had in common with the instincts and wishes of the majority.

The challenge held no terrors, Mr Kinnock added, for those who were not afraid of change.

Kensington by-election set for July, Page 4

Government attacks low levels of tax paid by life companies

By Richard Waters

THE GOVERNMENT yesterday published proposals for the first overhaul of the taxation of life assurance in more than 60 years, while launching a concerted attack on the low levels of tax paid by life companies.

However, industry sources warned last night that any increase in life companies' tax bills would reduce the level of bonuses for policyholders.

Mr Nigel Lawson, the Chancellor, said in response to a parliamentary question: "Some offices pay very much less tax than might be expected given their profits and the investment returns they earn for their policyholders and in consequence the yield from the industry overall is also less than might have been expected."

Life companies paid £700m-800m of tax in 1986, the Inland Revenue estimates. They would have paid approximately twice as much if they had been taxed at the basic rate of income tax, it says.

The tax review is intended in part to eliminate tax privileges which give life companies a competitive edge over unit and investment trusts. If their non-pension life business was taxed in the same way as these other savings media, they would have paid two or three times as much tax, says the Revenue.

The life assurance industry successfully campaigned a year ago against a Finance Bill proposal to tax its funds at the full corporation tax rate of 35 per cent. The Government announced at the time a full review of the issue.

The consultative paper published yesterday outlines three possible changes to the existing system.

The most drastic would force companies to assess each year the level of investment income and capital gain which was attributable to each policy. Policyholders would then pay tax on the benefit, even though they might not receive any payout from the policy for many years.

This proposal was denounced by the industry last night as likely to lead to "an administrative nightmare."

A second radical option would tax companies on changes to their reserves, which are calculated on actuarial assumptions, rather than on their declared profits.

The third proposal would allow the existing system to continue, while plugging the loopholes which allow companies to reduce or even eliminate their tax bills.

The proposals, on which comments are due by the end of October, are expected to lead to changes in next year's Finance Act.

Life companies' shares dipped slightly before recovering in uncertain trading yesterday.

The Taxation of Life Assurance, Inland Revenue Reference Room, Room 8, New Wing, Somerset House, Strand, London, WC2R 1LB. Price £5.

Uncertainties over life and taxes, Page 4

THE LEX COLUMN

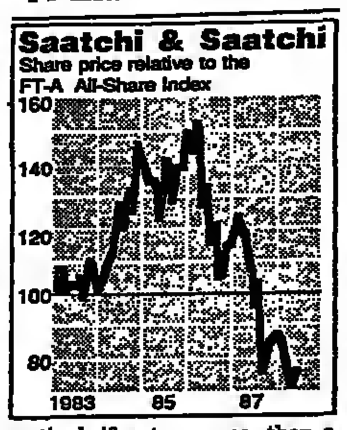
Saatchi charges downhill

Saatchi & Saatchi's relations with the London stock market are starting to look like a war of attrition. The share price has managed to gain ground on occasion, but each time has been driven back by a dashing sortie from the Saatchi camp – the Ted Bates acquisition, the Midland Bank affair, and now another £177m rights issue. The latest episode was particularly effective in being preceded by a 17 per cent rise in the shares over two weeks, helped by an analysts' tour of the US operations. Yesterday's routing of the market was correspondingly complete, with the shares closing 12 per cent down on Thursday's opening.

As quite often with Saatchi, the commercial logic sounds plausible enough. The consultancy business may well be growing faster than advertising, and its fragmented nature makes it sensible to have cash in hand to cover a large number of small impromptu acquisitions. It may also be that rivals have scented the same opportunities, and that Saatchi therefore cannot afford to wait until it can fund its purchases from cash flow. It is even possible that the meagre asset base justifies calling on shareholders yet again instead of financing the deals with debt.

What has really enraged the market, though, is the clear implication that it is being set up for another foray in the future. A conventional cash call, even if feasible, would certainly have had to be accompanied by a promise to stay away from the market for a very long time. But this issue, though offered by way of rights in deference to the pre-emption principle, is expected to find a home in the Euromarkets. Thus it has not been found necessary to make any promises to London at all. The market has meanwhile sensibly ignored Saatchi's claims that the issue involves no immediate dilution, and has calculated the dilution effect on next year's earnings at 10 per cent. As they said in the trenches, if you can't take a joke, you shouldn't have joined.

FT Index fell 9.0 to 1472.6



Markets

This week the markets were given the big opportunity they had been waiting for, but fluffed it. The sight of a US trade deficit lower than anyone was expecting should have given Wall Street – and hence equity markets everywhere – the necessary shove, on the grounds that the dollar had turned at last. But by yesterday, the whole thing was looking just as tired, if not more so, than a week ago. One more good trade number seems to be required before people really believe what last week's numbers hinted at.

In the meantime, equities have the prospect of a worldwida increase in interest rates to think about. The week's procession of economic statistics reinforcing the picture of a booming British economy convinced the money markets thet a rise in base rates to 9 per cent was imminent. But they may have to wait a few days longer; with sterling at DM3.13, the widely expected upward move from the Bundesbank will probably have to come first. On recent behaviour, rises in short term rates may not do much damage to equities, but amid the general despondency created by another rally that came to nothing, the market might be less willing than before to swallow the medicine without complaint.

Hong Kong Telecom

Given that well over three quarters of Cable & Wireless's profits come from Hong Kong Telecommunications, which yesterday reported a 26 per cent rise to HK$2.99bn in its full year attributable profits, some shareholders in C&W may be rather upset when it reports near static profits next week. The combination of adverse exchange rate movements and heavy start-up costs at Mercury has badly dented C&W's growth record, but the group still seems as confident as ever that it will be earning £1bn a year by 1992/93.

Whether this ambitious target can be met will depend very much on Hong Kong Telecom sustaining its recent rapid growth, since it will have to provide the bulk of the C&W profit increase and much of the finance for C&W's future investment projects. In terms of profits, it is hard to fault the latest figures. Last year, the unregulated international business traffic out of Hong Kong jumped by nearly 50 per cent, helped by an explosion in the use of facsimile services by the Chinese; and earnings growth of 20 per cent plus over the medium term should not prove too onerous.

Whether Hong Kong Telecom will prove an equally attractive cash cow for its parent is more debatable. A key pointer to how much it might raise by reducing its holding will be the offering of around 11 per cent of Hong Kong Telecom scheduled for the autumn. The shares are currently selling on 23 times earnings, or nearly twice the *local* market multiple, and, given the size of the offering, a large part of the 1bn shares will probably have to be sold internationally. If C&W can get the issue away without conceding a substantial discount, it may start to convince investors that it should be worth more than its subsidiary, which is currently capitalised at around £5bn.

Life Companies

The complete bewilderment with which the market greeted the Government's tardy document on the taxation of life companies was a simple matter of ignorance – even by the end of the day, few City experts had set eyes on it. Still, the response might not have been any different if they had combed every word.

The market was bracing itself for an indication of how much extra tax the life companies would have to pay. Instead, it has received an account of three broad options, with little in the way of recommendations, and all the most vital parts missing. The radical solution – which proposes a whole new tax system – is silent on the rate at which the tax would be levied, while the more pragmatic suggestion that the present system be largely retained omits the whole question of how many changes should be introduced, and in what magnitude.

The document brings into clearest relief how complicated the question is; which explains why its publication was six months late. It may be almost 1992 by the time any changes are implemented, and then it will be time to start reviewing the whole thing all over again – a consideration which the report has largely overlooked.

Continued from Page 1

Inflation

might be passed on in retail prices.

Yesterday's figures for wages and salaries per unit of output in manufacturing showed a rise of 3.2 per cent in the three months to April, compared with the same period a year before. That compared with 2 per cent in March.

However, manufacturing productivity growth remained firm. In the three months to April, output per head was 5.2 per cent higher than the same period a year ago. In the three months to March it was 6 per cent.

Latest international comparisons show that in April Britain's inflation rate of 3.9 per cent was above average for countries in the Organisation for Economic Co-operation and Development. It was above the rate in Japan and Germany, but below that in the US and Italy.

Figures published by the Central Statistical Office showed the tax and prices index, which takes account of taxation as well as prices, rose by 2.1 per cent in the 12 months to May. The index stood at 101.9 (Jan 1987=100) against 101.4 in April.

Saatchi

Continued from Page 1

leaves approximately £100m sub-underwritten by Warburg and County NatWest, and the balance by a syndicate of international banks including Goldman Sachs, Merrill Lynch, Nomura and Credit Suisse First Boston. Phillips & Drew, Saatchi's usual brokers, were not involved.

Gartner, which is forecast to make pre-tax profits of over $7m in the year to April 1989, specialises in helping clients to select information technology equipment by providing expert analysis of developments in technology. Sales last year were $40m.

The latest acquisition is part of Saatchi's strategy of becoming the world's largest provider of management consultancy services in 11 business areas. Saatchi, which first moved into this area in 1984 with the acquisition of the Hay Group, has recently abandoned a planned diversification into financial services after abortive attempts last autumn to buy both Hill Samuel and Midland Bank.

Saatchi shares have underperformed the market significantly since its previous rights issue.

Britain expels two

Continued from Page 1

assistant at Hull University who was sentenced at the Old Bailey on Wednesday to 11 years imprisonment, worked for the Israeli intelligence service Mossad. His brief was to spy on Abdul Rahman Mustapha, a major in Force 17 who was ordered out of the country in April 1987 but who is believed subsequently to have returned under a false name.

Anti-terrorist squad officers found explosives, rifles and grenades, given to Sowan for safekeeping by Mustapha, in locked suitcases in Sowan's flat. The Government was angered by the Israelis' failure to inform UK security forces about the terrorist cell which Mossad had infiltrated.

The Israeli Foreign Ministry yesterday expressed regret about the expulsion order and said Israel had not been acting against British interests (in its activities against terrorism).

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
British Gas	156	+ 1½	Glaxo	949	− 18
Enterprise Oil	463	+ 13	Hammerson A	623	− 8
Harrisons & Cros.	640	+ 11	Lon. & Manchester	268	− 7
Invergordon	300	+ 14	NatWest Bank	564	− 6
Macallan-Glenlivet	950	+ 25	Pearl	504	− 5
Pleasurama	208	+ 11	Priest Marians	375	− 8
Regentcrest	121	+ 8	Royal Ins.	410	− 4
Rothmans B	445	+ 12	STC	275	− 8
FALLS			Saatchi & Saatchi	372	− 31
Chloride	49	− 4	Smith (W.H.) A	285	− 10
General Accident	917	− 10	Stainless M'craft	78	− 7

WORLDWIDE WEATHER

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.

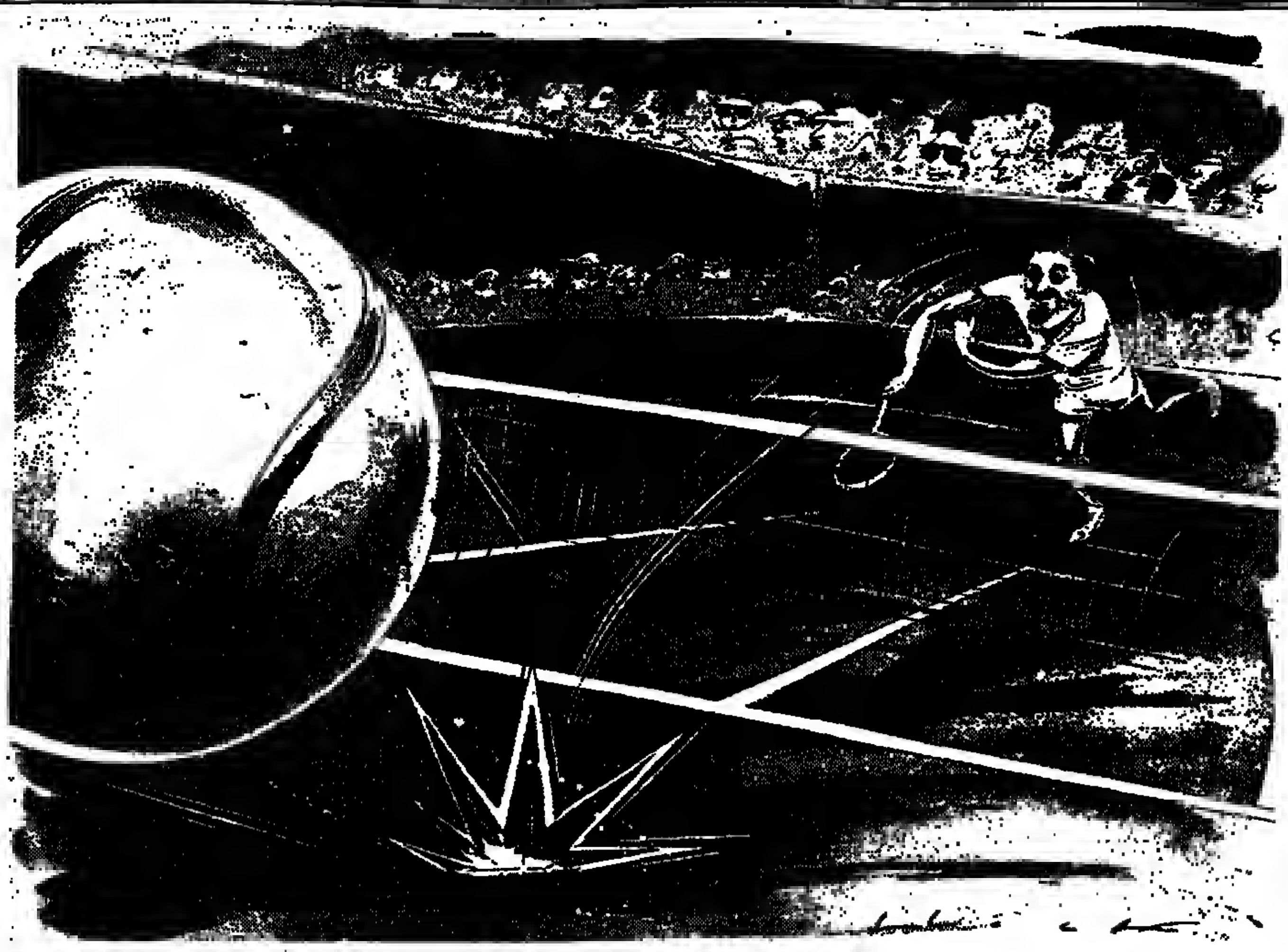
WEEKEND FT

Weekend June 18/June 19 1988

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

An overdose of smash, bang, wallop

Wimbledon starts on Monday. But has the era of power tennis developed unchecked? Do the rules need to be modified? John Barrett, Britain's former non-playing Davis Cup captain, reports



The impossible had happened: an amateur had beaten a professional. I well remember the sense of shock that accompanied Englishman Mark Cox's win in five sets over the legendary Mexican-American, Pancho Gonzales, at the world's first Open tennis tournament at Bournemouth, in southern England, in 1968.

Those former champions who had left the amateur ranks one by one in the post-war years to play for pay under the direction of the American champion-turned-promoter, Jack Kramer, had seemed invincible. To us these gods of the court inhabited a tennis heaven that we mortals could never hope to enter. But when Cox went on to thrash Australia's double Wimbledon winner, Roy Emerson, 6-0, 6-1, 7-5 in the quarter-finals, the realisation dawned that the circus professionals, for so long accustomed to a twilit routine of one-night tennis-stands, were not invincible after all. They were finding it difficult to readapt to outdoor play and to compete against unfamiliar newcomers outside their own exclusive band.

I had lost in the second round at Bournemouth that year to Rod Laver and it was the great man who had also ended Cox's dreams of passing through the pearly gates by beating him comprehensively in the semi-finals. However, in a superb final, "The Rocket" was humbled by his long-time rival and fellow Australian, Ken Rosewall. The "Little Master" would beat Rod again a few weeks later in the first French Open final in Paris, where a national strike was in progress and the students were rioting.

At that first major open championship, transport was so difficult that 35 men and 31 women failed to arrive in time for their first-round matches and were scratched. I had travelled to Paris by car and on the evening before the start had driven to a temporary air terminal near the students' quarter to collect some players who had flown to Beauvais and were supposed to arrive in the capital by coach.

The small square was full of noisy students. Suddenly the riot police arrived and started to throw tear gas grenades. A door opened and I was beckoned into a darkened shop from where I watched the rest of the proceedings in safety. My passengers never arrived.

Twenty years ago there was a very real sense of adventure in the air. We were all conscious that we were taking part in a small piece of history, but none of us realised the extent of the changes that would take place once the genie of open tennis had been let out of the amateur bottle.

In that first year there were only 17 open tournaments in eight countries in which prize money of approximately $500,000 (£280,000) was divided between some 230 men and women professionals. In 1988, more than 1,000 men and 600 women professionals will cut a total player-compensation cake of about $48m from official events alone in 40 countries. If you include the income from exhibition matches, special events and equipment contracts, then you must add at least another $10m to that total.

But what has happened to the game itself during this period of rapid expansion? Are today's players better than their predecessors? If you have been a regular visitor to Wimbledon since the Second World War, you cannot have failed to notice the vastly improved fitness of today's performers and the greater skill of the lesser-known players. Increased competition, bigger rewards, improved methods of coaching and training, better equipment, greater knowledge about diet, more extensive travel opportunities, plus a far more professional attitude – all these factors have contributed to a dramatic improvement in overall standards.

That is not to say that the champions of today are any better than the great men and women of the post-war years – or of any previous age, come to that. All that any champion is able to do is try to dominate the opposition of the day. But it is equally true that in pure tennis terms the game being played today is far more powerful and effective than it was in the past. Thus, if Bill Tilden in his prime were to go out with his conventional wooden racket to play the John McEnroe of 1983 armed with his injection-moulded, mid-size graphite Dunlop Max 200G, Tilden would be soundly beaten.

However, if the Tilden of the mid-1920s could have stepped into Dr Who's "Tardis" and been transported, at the height of his powers, to the present day, and been allowed to compete on the circuit for a year using modern equipment, I have no doubt that he would be as dominant as ever. The same would be true of Laurie Doherty, Suzanne Lenglen, Helen Wills or any of the other great players of past eras. In any sport, true champions dominate by the force of their personalities.

The revolution in racket design was just beginning as Laver neared the end of his career. He was encouraged, along with Margaret Court and others, to use an aluminium frame made by Chemold, one of several non-sports companies that had sprung up overnight when they saw the chance to cash in on the tennis boom that was sweeping the US in the late 1960s.

Instead of money the players accepted stock in the company, and many of them learnt the hard facts of life when the company went bust. Rod never played well with the aluminium frame. In fact his aura of invincibility faded as his normally deadly passing shots started to miss the lines by yards or finish in the bottom of the net. Instead of operating instinctively he was now consciously trying to adjust his technique to fit the performance of the new frame.

I remember saying to him: "Rod, you are mad. Do you think that Yehudi Menuhin would forsake his trusty Stradivarius for a tin fiddle just for a little extra cash?" Rod later went back to using his faithful Maxply disguised as a Chemold wooden racket.

The most unusual of the new metal rackets was the steel frame designed by the former French "Musketeer," Rene Lacoste, and marketed widely under the Wilson name as the T2000. The gut was strung through the loops in a wire coil that was wrapped round the small head of the thin tubular steel frame. Jimmy Connors grew up using this racket, which projected the ball off the face with frightening speed. The Wimbledon final of 1974 in which Connors destroyed the ageing Rosewall simply by generating too much pace, graphically illustrated the potential of steel. However, apart from Ann Jones, who won Wimbledon with it in 1969, Jimmy was the only leading player who could control the ball with the T2000.

It was after the inventive Howard Head had introduced his over-size Prince racket in the late 1970s that the revolution in design really took off. The original Prince had a metal frame, but a graphite model soon followed that was lighter, stronger, more powerful and strung with synthetic stings. These rackets certainly made the game easier to play. Head's patents were so tight that other manufacturers were forced to experiment with mid-size frames and these are the ones that now dominate the market.

Inevitably, all this activity forced the International Tennis Federation (ITF) in the early 1980s to introduce rules governing the size of a racket. It was no accident that for 100 years previously a rule had been unnecessary. The standard wooden racket had evolved simply because it was the optimum weight (13oz-15oz) and the optimum length (27ins) for the purpose of hitting a ball weighing 2oz across a net with comfort and effectiveness. The size of the bead (approximately 10¾ins x 8¼ins) was about as big as it could be without danger of the laminated frame (usually ash, beech, hickory and maple) warping or pulling out of shape during stringing.

But the new, light, mid-size rackets of the past eight years, made of a variety of materials that include graphite, fibreglass, boron and ceramics, have allowed players more freedom of shot than the old, heavy, wooden frames had done. The ball can now be hit harder for less effort, recovery shots are easier and wristy top spin shots are now widespread.

Consequently, the game itself has changed. The matches you watch at Wimbledon today are very different from the ones you saw in the post-war years. For example, hardly ever, now, do you see a weak service. In fact some think that the service has become too dominant.

When Philippe Chatrier, the president of the ITF, recently suggested publicly that something should be done with the rules to reduce the dominance of the service, he was reopening an old debate. His solution was to allow the server one delivery instead of two. Other suggestions over the years have included raising the height of the net at the centre from its present 3ft to, say, 3ft 3ins, where it used to be in 1878 when it was last lowered; shortening the service court from 21ft to 20ft (a worldwide problem, this, to alter every existing court); introducing a service lina 1ft behind the baseline (much easier to achieve); not allowing the server to volley the service return (the receiver would still need to keep his return deep to prevent the server from attacking on the next shot).

However, the problem of service dominance exists only with men's professional tennis on fast surfaces. There is no real problem among the women and certainly no problem at all among club players. Therein lies the dilemma. Any change in the rules must be suitable for universal application. Any new legislation must make as much sense on the slow red clay courts in Paris as on the resilient asphalt at Flinders Park in Melbourne, the indoor carpet in Madison Square Garden, New York, or on Wimbledon's fast grass.

Furthermore, there is no hard evidence to suggest that the public wants to see longer rallies in men's tennis. In Paris, on clay, many are already too long, making many matches excruciatingly boring. If spectators found men's tennis at Wimbledon boring you would have expected them to favour watching women's matches, where the rallies are longer.

In fact, a queue survey conducted last year at the championships revealed that more than 80 per cent of visitors preferred to watch men's matches (singles 68 per cent, doubles 13 per cent) and only 10 per cent were primarily interested in women's singles. I suspect that people actually enjoy Boris Becker's explosive serves and Pat Cash's crushing serve-volley technique. And let us not forget that it was Becker's brilliant returns of Ivan Lendl's services in 1985, and Cash's last year, that enabled them to win their titles.

However, the original court dimensions and rules never envisaged the use of such powerful weapons as today's rackets, and I believe that the game would benefit by taking some action to reduce their influence. To allow only one serve would alter the character of the game too drastically, especially on clay courts. The most logical step would be to reintroduce the foot fault rule. When I started to play we had to maintain contact with the ground and keep both feet behind the line until the ball had been struck.

From January 1 1955 we were allowed to swing the rear foot across the line – a change introduced because it was so difficult to administer from the chair in matches where there were no linesmen. Four years later, jumping was allowed, but perhaps the time has come to outlaw it again. That would be a first step and would impose a significant restraint on the server without penalising too severely those players who had learned to launch themselves at the ball from their earliest days, like Becker and Cash.

Generally speaking, the rules should be as simple as possible. Furthermore, the umpire should be in sole charge with no right of appeal to the referee or the supervisor as at present. It is by involving four levels of authority – linesman, umpire, supervisor, referee – that all the confusion occurs. One warning should be followed by immediate disqualification. Can you imagine a rugby international at Twickenham or a Test match at Lord's being held up while a supervisor and a referee come onto the pitch to hear a disgruntled player's appeal against an unpopular decision? The prospect is too ludicrous to contemplate. It is the present over-complicated rule book which opens the door to abuse and makes international tennis the laughing stock of the sporting world.

Something must also be done to remove those niggling rules which prevent a player from giving vent to his natural frustration. Preventing a player from bouncing his racket or slamming a ball harmlessly into the stop netting (we have all done that in our time) is to choke the personality out of the game. We should recognise human frailty and make allowances for it. We would get far better entertainment if we did.

Despite all that, tennis still offers room for innovation – room for a mould-breaker of the class and appeal of Bjorn Borg, whose majestic strokes, including a double-handed backhand – allied to nerveless concentration and "safety first" baseline play – made such a stunning impact on the game a relatively short while ago. Some time soon we must be due for another Borg.

The Long View

Beneath the tip of the iceberg

Although the DTI and police are much quicker off the mark than they used to be, some sophisticated operators are continuing their work undisturbed, says Clive Wolman

POOR PETER CLOWES. Like Ernest Saunders, the former Guinness chief executive, he has become a victim of the new aggressive prosecutions policy against suspected financial malpractice.

In the past, the Inspector Clouseaus of the Department of Trade and Industry would sniff around a suspect company and huff and puff for endless months, giving its managers ample time to prepare for an extended, if not permanent, trip overseas. And several financiers, such as Andrew Warburg, Keith Hunt, Peter Cameron-Webb and John Wheeler, after taking in large sums from the public and placed them in increasingly dubious assets, have exploited their dilatoriness.

Until the Securities and Investments Board became involved in the Barlow-Clowes case late last month, the DTI was acting true to form. If Clowes had followed the example of John Wheeler during this period, he could now be sunning himself off some Caribbean island on one of his yachts, instead of having to spend his every day in the less than congenial company of investigating accountants, with the prospect of many months in the courtroom to come. Clowes says that his decision to stay at home demonstrates his innocence and good faith.

But he must be bewildered by the rapidity with he has been arrested, his empire dismantled and his wealth effectively confiscated in the four weeks since the SIB were called in. The shift of policy in favour of speedy arrests in cases which have attracted widespread media coverage – the result of a more supportive political climate and the prosecutors' greater institutional clout with the emergence of the Serious Fraud Office – can be traced to May of last year. Only a few days after the police were unleashed on the Guinness case, they arrested Saunders on what proved to be a holding charge similar that facing Clowes.

But while the DTI and police have been focusing on such well-publicised cases of suspected malpractice, in which their main task has been the unravelling of layers of confusion, sophisticated crooks continue their work undisturbed.

Recent statistics gathered by Mr Michael Levi, a leading criminologist at University College, Cardiff, show just how much these cases are the tip of an iceberg which looks very different from below. In the Metropolitan police district alone in 1986, the money lost through ordinary theft and handling offences amounted to £407m and led to 58,000 arrests or summonses. By contrast, the money lost in cases investigated by the fraud squad amounted to £1.55bn. But the number of people summonsed or arrested was only 256 and most of these were for petty crimes, such as credit card fraud which have more in common with ordinary theft. The elite criminals who commit large-scale complex frauds against companies or across borders rarely appear in the arrest figures.

In the corporate category, one of the most serious types of fraud recently to have emerged, which has yet to be tackled by any police force, has been the moves by the mafia and other organised crime to infiltrate multinational companies, particularly in the pharmaceutical sector.

In the cross-border category are the "boiler room" operations which apply high-pressure telephone sales techniques to persuade small investors to put their money into shares of negligible value at massively inflated prices. Most of the people behind these operations began their careers by manipulating the prices of shares traded on official stock exchanges, mainly in Canada. But when they got into trouble with the authorities, they realised that it was much easier to set up their own companies and to tell the public bogus success stories about them. And by telephoning investors in one country - the UK and West Germany were the most popular - from a base in another, most commonly Amsterdam, they could exploit the authorities' difficulties of pursuing cross-border investigations. The amount of money that they took in from investors between 1983 and 1986 is estimated to have been close to £1bn.

When the Dutch police finally cracked down on the boiler rooms two years ago, the main perpetrators melted away and set up identical operations in more hospitable countries such as Spain, Cyprus, a few Swiss cantons such as Lugano and Geneva and Gibraltar. The largest operator of all, Irving Kott, returned - according to investigators, with his suitcases stuffed full of millions of dollars of cash - to his mansion and country cottage in Canada and repeated attempts by the Dutch prosecuting authorities to extradite him have come to nothing.

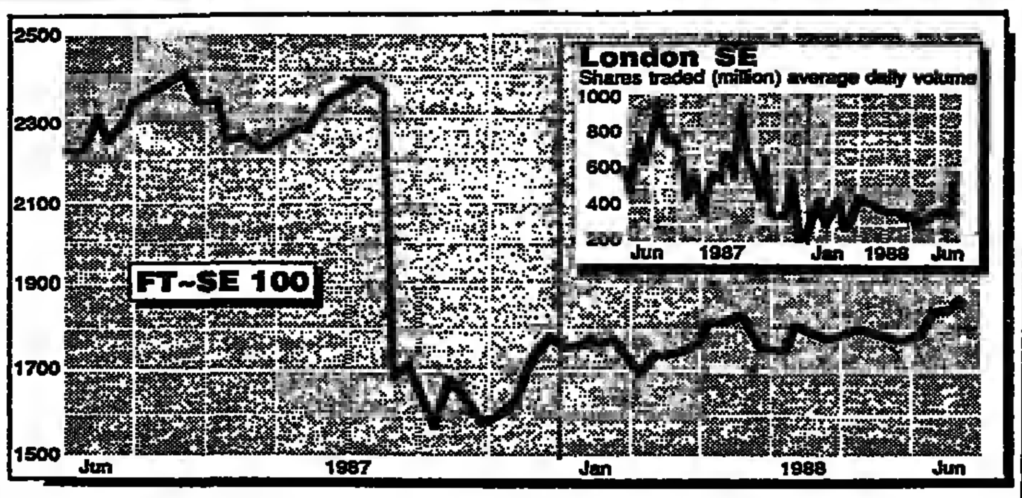
Both Canada and the UK make extradition from their countries particularly difficult. The UK is about to sign the European convention on extradition. But its mutual assistance agreements are far behind those of Australia, for example, which is prepared to allow a foreign country's police force to seize evidence and confiscate assets in Australia.

If you are really serious about making a career out of fraud, you need to focus on low-profile niches. This means finding large corporate victims who are typically reluctant to admit to being fooled and attract little public sympathy, or at least ensuring that you and your operations are placed in one country and your victims spread thinly across several others. If a fraud is both cross-border and aimed at business victims rather than a wider public, the chances of an arrest are virtually zero. The UK police for example have given up pursuing fraudsters based in Hamburg who for years have been sending invoices to companies around the world, apparently from a London address, asking for payment for having their names inserted in a non-existent international telex directory.

The converse is that if you and your "clients" are all concentrated in the same country and are sympathetic victims, the complaints tend to be louder and the media interest – followed by the police interest – more intense, as Peter Clowes has discovered. By setting up his largest operation in Gibraltar, he made it difficult for the UK investigators to discover what was going on. But to have relied so heavily on small, private UK investors and to have channelled so much of their money back into his own UK companies must have been a mistake.

CONTENTS

Grim figures fuel inflationary fears



HERE WE GO, here we go, here we go. No, not the cry of football fans on the rampage in Düsseldorf. Just the sad moan of all those inflationary bears who saw their fears beginning to be realised at the end of this week.

The problems started on Thursday. Up to then, events had been unfolding rather nicely, with the first half of the week dominated by the US trade figures for April, which were due to hit London dealers' screens at Tuesday lunchtime.

With that weighty thought in mind, caution was the watchword on Monday and business ebbed away. According to SEAQ, trading volume fell to fewer than 400m shares and the FT-SE 100 share index eased back 11 points.

However, the news, when it came, was surprisingly good. The deficit fell to $9.9bn against $11.7bn in March and compared with forecasts pitched around the $12bn mark. The snap reaction was a surge in both the dollar and Wall Street – with the Dow Jones heading more than 25 points higher to its best post-crash close at 2,124.47.

London knew its cue. Having been some seven points down ahead of the announcement, Footsie raced ahead for a net 27.4 point gain. That took the index firmly past the March peak of 1,855.5, at 1,866.2 – allowing London dealers to join their US counterparts in celebrating the highest post-October levels seen to date.

With the pound down to $1.785 by Tuesday's close, compared with $1.8165 at the end of the previous week, dollar-earners like Glaxo, Beecham, ICI and BOC led the charge.

Unfortunately, the glee was short-lived. On Thursday, investors were obliged to switch their attention back across the pond to face a grim series of domestic statistics. For once, these appeared to tell an ominously consistent story.

London

On the one hand, it emerged that there was a £2.8bn deficit in the first-quarter trade account, prompting the Chancellor to concede that his estimate of a £4bn shortfall for the year overall probably was over-optimistic. On the other, although unemployment was down again in May to 2.416m, average earnings appear to be rising at 8.75 per cent on a year-on-year basis – well ahead of the average rise in prices.

The net effect was to rekindle all the fears of inflationary pressures within in the economy, with the spectre of a further rise in interest rates looming large.

Come Friday, when the May retail prices index was released, there no comfort to be had, either. The year-on-year rise rolled out at 4.2 per cent, ahead of many City predictions. That, combined with further Department of Employment figures showing a rise in unit labour costs, can scarcely comfort the Treasury; its 4 per cent inflation forecast for 1988 has never looked the most convincing element in present policy objectives.

So, dealing screens became a sorry sea of red, with Thursday's 7.4 point fall in Footsie followed by a more serious drop of over 20 points by Friday lunch-time.

Where all this leaves interest rate policy – something of an "ad hoc" beast just now – remains a moot point. Sterling's new-found dollar weakness has yet to be matched by any substantial movement in the D-mark rate, which could deter unilateral action.

That said, the inflationary push clearly is increasingly evident, with suggestions that rises of up to 6 per cent in retail prices could emerge in the near future as the deflationary months of June/July 1987 fall out of the year-on-year calculations. And sterling's weaker position convinced the money markets that a half-point increase in base rates cannot be far away.

The gilt market, too, was taking a cautious line: on Thursday, long-dated stocks fell back by ½ and the yield on high coupons rose to 9.26 per cent compared with a mid-week level of 9.16 per cent.

Unfortunately, for much of the week there was only a trickle of corporate activity to distract attention – and when the action speeded op on Friday, it was scarcely the news investors wanted to hear.

On the bid front, in particular, matters remain very quiet indeed. With no further public developments over Rowntree, shares in the confectionery group are becalmed at around £10⅞, with holders still hoping that behind-the-scenes activity in the Swiss cantons will crystallise in a higher offer from Nestlé.

BAT, meanwhile, ploughs on with its offer for the US Farmers group – only to find itself caught up in the fun and games over tobacco shares produced by the US court decision against the Liggett group, which was found partially to be liable for the death from lung cancer of a smoker in 1984. After an initial panic, though, dealers decided the spill-over effect of this ruling was likely to be relatively modest.

Come Friday, however, it was advertising agency group Saatchi & Saatchi which claimed the limelight with a £176m rights issue of convertible preference shares, with part of this going to fund the $90.3m acquisition of information group Gartner. The cash call is hardly hefty by clearing bank standards and few institutions are short of cash these days. Nevertheless, the call looks a good deal chunkier than the non-bank trickle of recent rights issues.

Moreover, the shape of the Saatchi rights scarcely delighted the market. Although Saatchi has taken the convertible path and paid lip service to the pre-emptive principle, analysts pointed out that the issue is both potentially dilutive and complex enough to discourage much domestic enthusiasm.

It might, indeed, find takers in the Euro-convertible market – for which it clearly is designed – but the ordinary shares slid sharply to 368p by early afternoon, a 48p fall on the week.

At least there was a steady stream of results. Both Pilkington and Northern Foods have been surrounded by bid talk recently and, perhaps with a wary eye on this factor, both lived up to City expectations. True, the overall profits rise from £75.2m to £77.3m at Northern Foods was fairly modest, but the reorganisation benefits appear to be coming through fairly swiftly on the UK side, and forecasts for the present 12 months range around the £87m mark.

Pilkington, too, managed an encouraging 18 per cent rise to £302m at the pre-tax level despite the currency problems although 7 per cent earnings growth, following the Visioncare acquisition last year, looked less pretty.

Small investors' eyes, meanwhile, may have been focussed on British Gas, which unveiled its first year's figures in its new, privatised guise. Balance sheet changes associated with the privatisation do not make comparisons easy, but the overall message was encouraging.

Underlying profits grew by more than a fifth, growth in gas demand still seems strong, and the dividend payout was well ahead of expectations.

Nikki Tait

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	
FT Ord. Index	1472.6	+4.4	1485.6	1349.0	Inflation concern.
Aberdeen Stk. Hses.	81	-22	111	46	Bid speculation deflated.
British Gas	186	+10	186	164	Dividend increase.
Buckley's Brew.	160	-16	207	145	Barlow Clowes affair.
Burmah	576	+16	582	430	Renewed speculative demand.
Devenish (J.A.)	326	-27	371	292	Interim profits disappoint.
Invergordon	300	+34	304	168	Unnamed predator considering bid.
Jerome (S.)	235	+17	240	170	BZW 'buy' recommendation.
Miller (Stanley)	181	+31	183	56	Helical Bar acquires 5.1% stake.
NatWest Bank	564	-18	605	525	Downgraded profits forecast.
Regalian	212	+21	214	135	Good figures/'buy' recommendation.
Royal Insce.	410	-21	439	370	Rumours of French link-up.
Saatchi & Saatchi	372	-44	454	361	£176m rights issue/US acquisition.
Telecomputing	103	-20	178	98	Reports first-half loss.
Unigate	323	-15	345	253	Lower annual profits.

Money in this mugs' game

THEY SAY there's a mug born every minute – at John Tams, it's one every three seconds.

At the rate of 12,000 dozen a day, a whopping 29m mugs rolled out of John Tams' Stoke-on-Trent kilns last year, and more would have sold had the capacity been there to make them. Hence the earthenware mug manufacturer's announcement this week that it is to join the USM to help fund a £3m expansion programme.

Mugs are big business. Just look around you – they're everywhere. They have usurped the once ubiquitous teacup's hallowed place in homes and offices and on work benches. They are filled with soup to be sipped or slurped according to your temperament. And they are used increasingly as promotional tools by companies to provide a permanent reminder of their name or product – even to the extent, in the US, of bearing the donor's picture and phone oumher, rather like a drinkable business card.

One in every five mugs produced in the UK comes from the John Tams group. The company has a 15 per cent ehare of the £60m UK mug market; the lion's share – 65 per cent – is held by John Ashcroft's Coloroll, which owns Staffordshire Potteries. John Tams exports about half its total production, primarily to North America and continental Europe.

The business was founded in 1874 hy John Tams and has passed down an uninterrupted family line to his great-grandson Gerald, now chairman and managing director. Like his ancestor, he is a potter.

The company has always worked in earthenware. in the early deys it made water jugs and bowls for washstands, fine ornaments and willow pattern plates and, most commonly, beer mugs, jugs and vessels for public houses.

The boom in indoor plumbing killed production of wash bowls but the really big change to hit John Tams was the introduction around the First World War of glasses in pubs, replacing pewter and earthenware beer mugs.

By the 1950s, the continued prodnction of fine earthenware pieces was proving uneconomical and the group decided to concentrate on mass-prodnced items

Junior Markets

suitable for everyday use. At the same time, it began introducing the single-firing techniqnes for mugs and teacups which recently had been introduced within the industry. Mugs now represent 80 per cent of turnover, tableware the balance.

Blank mugs became a major product area for the company in the 1970s. In particular, the Queen's Silver Jubilee sparked off a demand for commemorative products. Sales of blank mugs to ceramic decorators – who then incorporate their own or licenced designs before reselling them – account for 44 per cent of John Tams' turnover and the company has the glory of being the UK blank mug market leader, with a share of more than 50 per cent.

Retail and wholesale sales account for 39 per cent of turnover; Boots, Marks & Spencer and Sainsbury are hig buyers. Boots has bought more than 3m items alone of one single pattern, the Poppies range, and a £500,000 deal with M&S was signed a few weeks ago to make five-colour cartoon character mugs to go ou sale in October for Christmas.

Promotional and incentive items to advertise customers' products account for 11 per cent of sales. This is a strong growth area, especially in North America where, according to Gerald Tams, there are no major domestic mug manufacturers.

In the UK, Comet last year bought 15,000 sets of dinnerware to put as a free gift in dishwashers it was selling, the theory being you need more dishes when yon don't wash up after every meal. Mail order sales account for the final 6 per cent of turnover.

In the past five years, which have seeo pre-tax profits grow from £584,000 to £2.14m on sales almost doubled to £11.17m, the company has spent more than £3m improving manufacturing facilities. Bot demand is such that, Gerald Tams says: "We have had to restrict access to new markets because we cannot make enough." The plan now is a further investment of £3m-plus for new plant and extended manufacturing premises.

Lloyds Merchant Bank is placing 3.7m shares – 16.8 per cent of the enlarged equity, at 80p, valuing the company at £17.6m. The shares are on an historical p/e of 10.8. The placing will raise £1.4m for the company.

Mugs do feature, but oot terribly prominently, in another company due to be floated on the USM this coming week. The Reject Shop was founded by Anna Vinton and Anthony Hawser in 1972 to sell "seconds" they bought in hulk from factories. Although they still sell a few rejects, their stock since 1985 has primarily been new.

They market three lines: living, dining and bedroom furniture; giftware; and home accessories including china, glass, linen and kitchen equipment.

There are 13 shops, eight of them in the London/south-east area catering mainly to women aged 20 to 40 in the ABC1 grouping. The company expects to report pre-tax profits of more than £1m for the year to March, more than doubling last year's £460,000 and up from £141,000 in 1984.

Capel-Cure Myers will be placing about 10 per cent of the company. It will be capitalised at £12m at least and the placing will raise about £1m for expansion.

Fiona Thompson

Building boom boosts BET

Results Due

BET, the international services company, is near the end of a prolonged restructuring, underlined in the spring hy the announcement that it was putting its Argus Press publishing business up for sale. Estimates of the proceeds start at £200m.

However, there might oot be any clear word about the disposal on Monday when BET is expected to announce annual pre-tax profits of £202m to £205m, compared with £157m the previous year. The boom in the constructioo sector will have given a strong boost to its companies in this field, inclnding Anglian Windows.

● Recent strong results from Dunhill and Cartier suggest that people did not stop buying expensive jewellery and perfumes after the stock market crash. So, there should be a strong showing from ROTHMANS INTERNATIONAL's luxury consumer products side, as well as further rationalisation benefits on the tobacco front, in the results for the year to end-March on Thursday.

Pre-tax profits estimates are in the range £288m to £303m – the upper end is a good 50 per cent higher than last time.

● The adverse affects of currency translations have been the main reason for the modest rate of growth at CABLE & WIRELESS, which reports on Wednesday, during the year to end-March. About 80 per cent of operating profits come in HK dollars derived from its quoted subsidiary, Hong Kong Telephone, which reported full-year results yesterday.

Meanwhile, UK operations are likely to show a negative figure of about £12m, although analysts will from now on be looking for the loss-leading Mercury telephone system to show a monthly profit after depreciation. Overall group profits pre-tax should be about £345m, against £340.5m last time.

● The impact of the worst UK green vegetable harvest in memory will become evident on Wednesday wben CHRISTIAN SALVESEN, the Edinburgh-based frozen food distributor, releases annual results.

Without the storage and distributioo shortfall caused by the poor harvest, pre-tax profits could have been £3m-£4m higher than the £46-47m expected. However, a £4m decline in depreciation will help to push the pre-tax profit above last year's result of £42m.

● The first full-year contribution to ARGYLL GROUP's pre-tax profit from Safeway, which was acquired in February last year, is expected to boost the result from £80.6m to between £130m-£135m in the year to March 31.

The returns from the conversion of 10 Presto stores into Safeway stores have exceeded predictions and another 60 stores will change this year. Tuesday's announcement is expected to show that the conversion process will result in an exceptional cost of £45m and a further £25m in the present 12 months.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Amber Industrial Holdings	Tuesday	3.0	7.0	3.2
Argyll Group	Tuesday	1.5	6.0	-
Anglo United	Monday	0.4	0.4	0.2
BET	Monday	2.5	0.5	3.0
Blacks Leisure Group	Tuesday	-	-	-
Boase Massimi Pollitt	Wednesday	1.7	4.8	2.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ♦ second quarter figs.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount Invested £	Withdrawals (days)
CLEARING BANK*							
Deposit account	2.30	2.32	1.86	monthly	1	-	0-7
High interest cheque	4.50	4.59	3.67	monthly	1	1,000-4,999	0
High interest cheque	4.90	5.01	4.01	monthly	1	5,000-9,999	0
High interest cheque	5.30	5.43	4.34	monthly	1	10,000-49,999	0
High interest cheque	5.70	5.85	4.68	monthly	1	50,000 minimum	0
BUILDING SOCIETY†							
Ordinary share	3.50	3.53	2.83	half-yearly	1	1-250,000	0
High interest access	5.25	5.25	4.20	yearly	1	500 minimum	0
High interest access	5.50	5.50	4.40	yearly	1	2,000 minimum	0
High interest access	6.00	6.00	4.80	yearly	1	5,000 minimum	0
High interest access	6.25	6.25	5.00	yearly	1	10,000 minimum	0
90-day	6.25	6.35	5.08	half yearly	1	500-9,999	90
90-day	6.50	6.61	5.29	half yearly	1	10,000-24,999	90
90-day	7.00	7.12	5.69	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	8.50	6.38	5.10	yearly	2	5-100,000	30
Income bonds	9.00	7.04	5.63	monthly	2	2,000-100,000	90
Deposit bond	9.00	6.75	5.40	yearly	2	100-100,000	90
33rd issue	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNTS							
Schroder Wagg	4.41	4.50	3.60	monthly	1	2,500 minimum	0
Provincial Bank	6.14	6.32	5.05	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§							
5pc Treasury 1986-89	7.67	6.39	5.63	half yearly	4	-	-
8pc Treasury 1992	9.22	7.17	5.94	half yearly	4	-	-
10.25pc Exchequer 1995	9.48	6.98	5.47	half yearly	4	-	-
3pc Treasury 1990	7.24	6.46	5.99	half yearly	4	-	-
3pc Treasury 1992	7.38	6.56	6.07	half yearly	4	-	-
Index-linked 2pc1992§§	7.37	6.86	6.55	half yearly	2/4	-	-

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000.‡ Special facility for extra £5,000 §Source: Phillips and Drew. §§Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Acre Oil	220*	225	200	369.75	British Gas
Amari	271½	268	213	85.62	Glynwed Intl.
Bearer Inds.	247	242	200	39.26	Wagon Indl.
CASE	91§§	90	100	58.3	Gandalf Tech.
DPCE‡	334	310	172	108.73	Granada
Davidson Pearce	147	140	136	30.45	Boase Massimi
De Brett (A.)	35*§	35	35	2.8	Thermawear
Ellis & Goldstein	95*	108	81	27.49	Berkertex
Freshbake Foods	162*	159	124	106.79	Campbell Soups
Gee (Cecil)	133	123	85	10.90	Moss Bros.
Graham Motor†	183*	178	105	19.3	TSB Group
Irish Distillers	Ir315*	Ir362	Ir275	Ir198.07	GC & C Brands
Jersey Gen. I.T.	520♦§	510	468	59.49	LIT Hldgs.
LDH Group	116	111	111	9.34	Porter Chadburn
Lyntos Prop.	455*§	454	427†	220.0	BAA
Rowntree	890*	1047	752	2.1bn.	Nestle
Rowntree	950*§	1047	1000	2.32bn.	Jacobs Suchard
Rusdman (W.)	334§§	325	331	28.38	Tellos Hldgs.
Stanley (A.G.)	311	310	228	130.04	Ward White
Stead & Simpson	1200*	1415	1075	19.2	Clayform
Stead & S's A N/V	125*	128	120	70.25	Clayform
Zetters Leisure	161	160	120†	23.02	Bass

*All cash offer.†Cash alternative. ‡Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 17/6/88. †At suspension. §§Shares and cash. ♦Related to FAV to be determined. ♥Loan stock

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Airsprung	March	2,580 (1,770)	27.8 (18.6)	7.4 (5.9)
Alexon Group	March	9,500 (6,910)	30.7 (22.9)	8.0 (6.0)
Alphameric	March	4,640 (3,970)	21.1 (17.3)	3.5 (2.5)
Aviva Petroleum	Dec	771 L (3,030 L)	- (-)	- (-)
Bassett Foods	April	4,030 (3,610)	23.4 (21.0)	7.8 (7.2)
Bradford Prop	April	19,270 (15,370)	44.6 (35.9)	12.5 (11.0)
British Gas	March	1.01bn (894,000)	19.7 (16.4)	8.0 (-)
Bryson Oil & Gas	Dec	723 (572 L)	0.6 (-)	- (-)
BSS Group	March	10,120 (7,830)	34.9 (27.4)	12.0 (9.2)
Business Mortg	March	3,920 L (1,470)	- (4.6)	- (2.0)
Capital Gearing	April	7,130 (6,000)	0.3 (0.27)	0.27 (0.2)
Chancery Sec	March	4,920 (3,050)	17.5 (11.9)	6.0 (3.3)
Claybithe	March	2,850 (2,290)	11.8 (13.3)	3.0 (2.2)
Continuous Stat	April	1,030 (529)	9.5 (4.9)	3.0 (2.0)
Craig & Rose	Dec	152 (97)	20.7 (15.7)	12.7 (12.2)
Cropper James	March	2,060 (1,680)	24.8 (19.9)	2.1 (1.6)
Crown Eyeglass	March	226 (39)	9.8 (2.7)	- (-)
Dawson Int'l	March	47,000 (46,670)	20.4 (20.1)	7.8 (6.9)
EMAP	April	25,000 (15,000)	12.2 (8.9)	4.5 (3.0)
Equity & General	Dec	1,010 (799)	3.3 (2.6)	1.3 (1.0)
Erskine House	March	9,240 (5,190)	19.3 (14.0)	5.2 (4.0)
Fashion & Gen	March	492 (591)	22.0 (24.6)	21.7 (24.3)
F&C Smaller Co	April	1,170 (1,060)	1.3 (1.2)	1.1 (-)
Feedback	March	553 (507)	4.5 (3.6)	2.5 (2.5)
Gold Greenlees	March	2,340 (2,400)	22.4 (17.0)	5.4 (4.0)
GPA Group	March	55,600 (37,315)	- (-)	- (-)
GRI Electronics	March	500 (23 L)	- (-)	- (-)
Harmony Leisure	March	382 (260)	1.5 (1.2)	0.14 (0.1)
Harrison Ind	March	3,920 (2,910)	21.2 (16.5)	6.8 (5.7)
Investment Co	March	913 (876)	4.4 (4.5)	4.4 (5.7)
Ivory & Sime	April	3,350 (3,510)	8.3 (8.8)	5.7 (5.7)
Jarvis Porter	Feb	3,000 (2,400)	11.7 (9.6)	4.0 (3.6)
Johnson Matthey	March	60,600 (50,500)	24.9 (20.3)	7.0 (5.5)
Locker Thomas	March	1,920 (1,430)	2.6 (1.8)	1.4 (1.3)
London Int'l	March	31,500 (27,100)	17.5 (14.1)	6.3 (5.4)
London & Overseas	March	1,050 L (446 L)	- (-)	- (-)
Lyons Irish Hldg	March	4,520 (4,035)	29.7 (26.4)	10.0 (9.0)
Magnet	March	57,500 (44,200)	18.9 (15.8)	6.9 (6.0)
Mansfield	April	5,900 (7,300)	25.2 (30.8)	9.0 (9.0)
M&G Second Dual	May‡	1,560 (1,350)	10.6 (13.5)	15.6 (13.5)
Mowat Group	March	1,140 (440)	2.5 (1.3)	0.5 (-)
New London Oil	March	431 L (582 L)	- (-)	- (-)
Norman Group	March	4,000 (2,320)	3.0 (4.3)	2.2 (2.0)
Northern Foods	March	77,300 (75,200)	24.7 (22.6)	10.0 (9.0)
Oceana Dev Inv	March	334 (76 L)	4.4 (-)	2.2 (-)
Pilkington	March	302,000 (256,000)	26.2 (24.4)	8.4 (7.3)
Premier Cons Oil	March	14,300 (8,600)	3.1 (1.9)	- (-)
Property Part	March	1,600 (1,450)	10.0 (9.5)	4.7 (4.0)
Reflex Invest	April	472 (202)	- (-)	0.6 (-)
Ryan Intl	Dec§	787 (-)	- (-)	- (-)
Scapa Group	March	35,800 (34,300)	26.3 (22.7)	7.7 (6.8)
Smallbone	Feb	2,100 (1,257)	23.7 (14.9)	5.2 (3.6)
Therm Scientific	March	7,380 (5,500)	17.2 (14.4)	4.2 (3.2)
TGI	March	2,550 (1,330)	14.5 (8.8)	2.4 (2.0)
Unigate	March	94,000 (103,400)	27.6 (30.6)	12.6 (11.5)
Unilock Hldgs	March	1,150 (2,260)	4.4 (6.5)	2.2 (2.2)
VSEL Consortium	March	17,630 (15,000)	46.3 (39.8)	8.6 (5.5)
Waddington John	April	17,560 (12,194)	17.5 (16.3)	6.6 (6.0)
Wagon Industrial	March	9,150 (7,540)	28.3 (25.0)	12.0 (10.0)
Wardell Roberts	March	1,020 (1,299)	5.8 (7.3)	2.3 (2.3)
Yale & Valor	March	34,500 (10,500)	24.4 (24.9)	7.5 (5.8)
Yellowhammer	March	2,250 (1,666)	13.7 (9.7)	2.5 (2.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Appletree Holdings	April	859 (747)	1.1 (1.0)
Bett Brothers	Feb	512 (431)	1.3 (1.3)
Body Shop Int'l	March	4,710 (3,220)	0.9 (0.6)
Bradstock Group	March	3,810 (3,528)	1.5 (1.4)
Carroll PJ	March	3,870 (5,670)	2.8 (2.8)
Chowing	March	2,120 (2,040)	7.5 (6.6)
Cifer	April	1,004 L (226)	- (-)
Colorvision	March	1,920 (620)	2.6 (-)
Devenish JA	March	2,680 (2,630)	0.7 (0.7)
Electra Invest Tst	March	3,560 (7,120)	2.4 (2.4)
Flexello Castors	March	29 L (304)	1.5 (1.4)
Hawtin	March	473 (99 L)	- (-)
Hodgson Holdings	April	2,300 (605)	1.2 (1.0)
Horne Robert	March	7,010 (6,200)	2.5 (2.0)
London & Clydesdale	March	336 (119 L)	1.7 (1.7)
London Scottish Bk	March	1,310 (1,050)	0.6 (0.5)
Moss Trust	Feb	132 (12)	1.0 (1.0)
Norton Opax	March	14,110 (7,790)	1.5 (1.0)
Splash Products	April	259 (105)	1.5 (1.1)
Standard Canada	June‡	2,250 (1,074)	- (-)
Suffolk Group Radio	March	127 (7 L)	- (-)
Telecomputing	March	189 L (452)	0.6 (0.6)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ after tax profits.

RIGHTS ISSUES

Erskine House is to raise £25m via a four-for-five rights issue at 100p.

Grand Central Investment Holdings is to raise £4.27m via a one-for-three rights issue at 50p.

Mowat Group is to raise £5m via a one-for-two rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Appleby Westward is to join the USM via a placing of 1.21m shares at 130p.

Bergesen is seeking a stock exchange listing via an introduction.

Billingsgate City Securities has been listed on the London market. It is the first single asset company to be listed for 66 years.

English & Overseas Properties is to be floated on the stock market via a placing of 3.81m shares at 155p.

Erostin is to seek a full listing via a placing next month.

Eurocopy is joining the stock market via a placing of 9.78m shares at 95p.

Hi Tec Sports is to join the stock market via an offer for sale which values the company at £55m.

Local London is preparing to seek a full stock market listing.

Mid Kent Water is planning to offer £16m of 6% ordinary stock for sale by tender.

Needler is to join the USM via a placing of 3.9m shares at 100p.

Oxford Virology is to raise £3.5m via a private placing of 875,000 shares at 400p.

Prestwick is to raise £2.85m via an issue of 3,010,306 7.25% convertible preference shares.

Rockfort is to seek a full listing later this month via an issue of new shares to raise £20m.

Saville is to seek a listing on the London stock exchange next month. It plans to raise £15m through the issue.

Tomo John Group is to join the USM via a placing of 3.7m shares at 80p.

MARKETS

In search of the overseas opportunity

AS NATIONAL barriers to movements of capital have fallen away over the last decade, the pressure has grown on managers of investment funds to diversify their portfolios internationally. But while international diversification of investment portfolios has behind it an impeccable logic, and many fund managers have become convinced of its importance, the fact is that most of them do not seem to be very good at it.

Of course measurement of performance depends on which starting point you use, as skilled readers of unit trust advertisements will be aware. For the UK, the lifting of exchange controls in 1979 is as good a base as any and since then the figures show that most institutions would have been better off leaving their money in the home market.

Where to invest

From 1980 to 1987, the average rate of return for pension funds investing in the UK market was 23.8 per cent and for those investing overseas 17.7 per cent, according to figures from William M Mercer-Fraser, the UK pension fund consultancy.

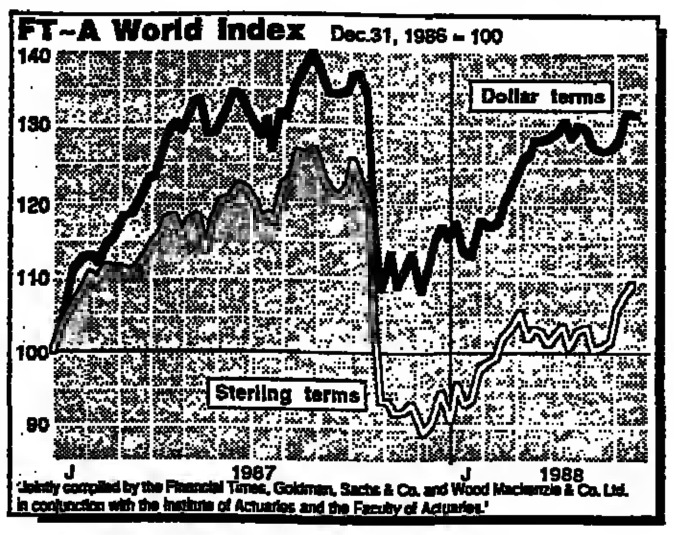
It is true that the 1980s have been very kind, all in all, to the UK market, so one cannot condemn international asset diversification based on this one statistic. Yet the overseas performance figures do not look particularly good even when compared with a passive index measurement of non-UK stock market performance, which shows a 21.5 per cent rate of return.

By definition, some fund managers have done better than the average – some consistently better. Yet the failure of the majority of fund managers in their active international asset allocation must call into question the value of this fashionable activity.

In drawing lessons from the October stock market crash, the Bank for International Settlements, the Basle-based forum for central banks, has this to say in its annual report, released on Monday:

"The gains from the international diversification of portfolios (have) probably been overestimated. The process of internationalisation of equity markets may have reduced the country-specific elements behind share valuations, while at critical times the need for liquidity may call for across-the-board sales, mainly by financial intermediaries operating in more than one market."

Although the market rallies were of widely different duration and extent – with the exception of Japan – the immediate consequences of the crash was an almost uniform drop in share prices across most markets with international participation. In seeking to liquidate shares, institutions did not particularly care which market they were selling in, and selling cascaded from one market to another.



Jointly compiled by the Financial Times, Goldman, Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

As Tim Gardener of Mercer-Fraser points out, what may have been true in the short-term context of the crash is not necessarily true of the longer term. As a glance as the FT-World Actuaries table will show, the performance of markets since last year has been very variable and it has mattered which market one has invested in.

Where have portfolio managers gone wrong? Most obviously, through the 1980s, foreign fund managers have consistently underestimated Japan. The extraordinary growth rate of the first quarter of this year in the country – 11.3 per cent on an annualised basis – may justify the extraordinary post-crash performance of a market now at record highs.

The reason for this illustrates what Gardener and others see as a more general point: that international investors do not do well if they assume that foreign markets are subject to the same constraints as their home market. Those that have done well have immersed themselves in local culture and have not made assumptions about cultural homogeneity.

Another problem has been that the noise of short-term currency movements, which may not always follow the most logical or explicable of paths, has often put fund managers off their stride.

FT-ACTUARIES WORLD INDICES

Country	£ Sterling % change from Oct.19th 1987	£ Sterling % change since Dec.31st 1986
Australia	-18.9	+20.9
Austria	-19.0	-28.0
Belgium	+6.4	+2.2
Canada	+2.5	+4.1
Denmark	+3.1	+7.7
France	-3.2	-20.4
W Germany	-21.0	-35.9
Hong Kong	-23.7	-10.1
Ireland	-8.4	+17.5
Italy	-36.6	-41.5
Japan	+11.1	+45.0
Malaysia	-10.0	+21.1
Mexico	-54.2	+42.6
Netherlands	-6.2	-11.9
New Zealand	-36.4	-30.3
Norway	-30.9	+3.4
Singapore	-18.7	+2.4
S Africa	-36.0	+8.8
Spain	-6.6	+33.8
Sweden	-6.4	+2.4
Switzerland	-21.7	-32.9
UK	-9.7	+14.7
USA	+11.5	-8.7

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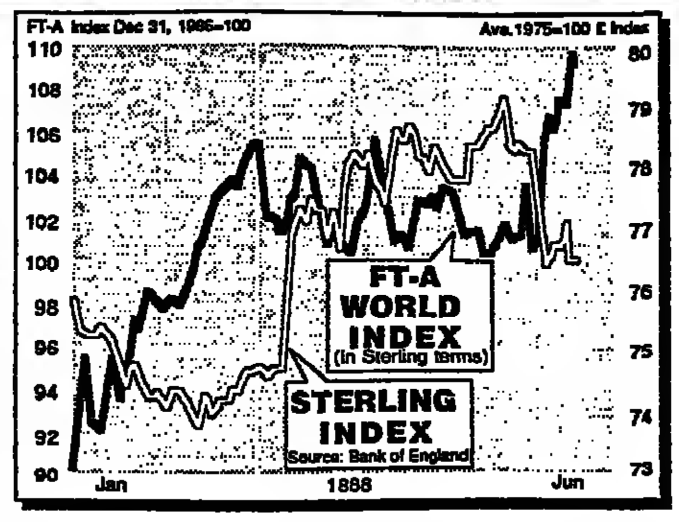
Passive investors do not follow short-term currency movements and have done better than those active investors who try to fine tune their currency positions. Those active managers with a medium-term perspective of currency shifts tend to do better, says Gardener.

The conventional wisdom of international asset allocation says that between 75 and 85 per cent of performance is tied up in picking the right market, currency or sector, and only the remaining 15 to 25 per cent in the more complicated business of picking the right stock. Because stock picking is a labour-intensive enterprise, requiring research teams, many fund managers eschew it, preferring to keep down their costs.

The relative lack of success of international asset allocation techniques has not dimmed enthusiasm for it, however. This month Warburg Securities has published its first research document on the subject. There have been a number of such publications by other concerns, but Warburg's gives some idea about how a fund manager can simplify a view of a very complicated world.

Taking a fundamentalist view – that is by trying to look at the underlying economic facts rather than the patterns on charts – Warburg first looks at the so-called reverse yield gap: the difference between the yield on government bonds and the yield on equities. When this narrows, it can imply that bonds have become overvalued or equities undervalued. It also makes the assumption that the Japanese market is in a valuation class of its own: there is no point in directly comparing the elevated price-to-earnings multiples in Tokyo with those in other markets. Then, it colours that with three assumptions.

It assumes that the US dollar is in for short-term stability, but will endure a period of weakness in the period starting at the end of the summer, as the trade deficit figures temporarily worsen.



Dollar asset prices are expected to strengthen next year amid a dollar recovery on the assumption that an incoming president will start to address the problem of the government budget deficit. Investors, it believes, should buy the dollar through sectors in the cheaper European markets which should benefit from its appreciation, rather than in the US itself. From this point of view, Switzerland, Germany and Scandinavian markets look good value.

The second assumption is that one should invest in markets in which domestic institutions are in a position to take a high proportion of domestic supply: in other words, in markets that do not depend too heavily on foreign support. This points up markets such as Sweden (by sharp contrast with its neighbour Norway, which is heavily dependent on foreign buyers). France, and Switzerland to some extent, but not Germany.

Third, buy markets which have not built into their prices the likelihood of intense takeover activity in the years to come. These include Germany, Switzerland, perhaps Holland, and to a lesser extent Belgium, France and Spain, where takeovers are already being built into prices but which have not completely been discounted.

Taking all this together, the stock markets Warburg most likes are Germany, Switzerland, France, Sweden and the UK. It thinks the Nikkei average in Japan – which finished yesterday at a record close of 28,342.46 – will go to 30,000, but will subsequently stabilise, making for better returns in other markets.

Stephen Fidler

Up, up and . . . where next?

Wall Street

WHILE DAILY lurches of 30 points or more in the Dow Jones Industrial Index continue to be a routine and, for most investors, a frightening occurrence, a new mood of confidence is taking hold on Wall Street. Practically everyone seems to agree that the next big lurch is more likely to be upwards than downwards.

The foundations for the long-awaited summer rally were laid in May, with the market's pull back below 2,000 and the sellers' repeated failure to maintain the downward momentum.

However, the great symbolic breakthrough occurred this Tuesday, when the release of astonishingly good US trade figures finally enabled the market to conquer the peak of 2,110 on the Dow which had been looming over it since early April.

Tuesday's 25-point advance, backed by an even bigger surge in bond prices and followed by a healthy-looking consolidation on Wednesday, seemed finally to overcome the psychological barriers created by the trading range of 1,850 to 2,100 on the Dow which had constricted the market's movements for more than six months.

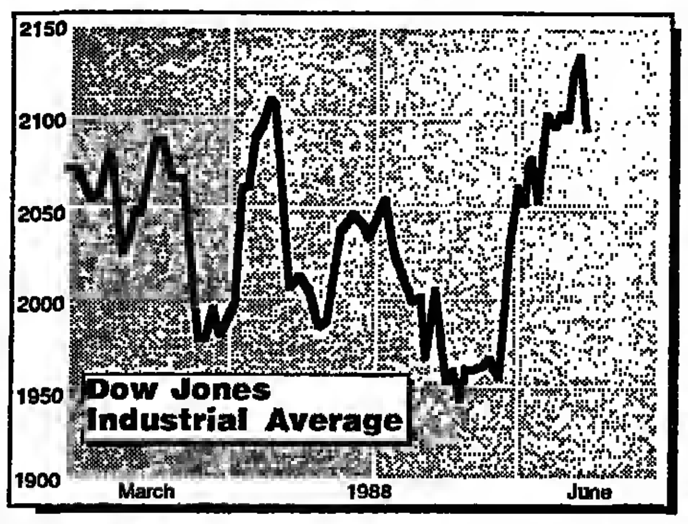
What made the market's advance on Tuesday and Wednesday all the more impressive was that it came after two weeks of rapid gains, which created an open invitation for profit takers and a tempting target for bearish investors. The start of the week had many analysts worrying about a knee-jerk reaction which would take the Dow rapidly back below 2,000.

Even more important were the genuine economic underpinnings for the market's latest advance. The new post-crash high was reached on the back of extremely good trade figures and falling interest rates.

The decline in the US trade deficit to $9.89bn from $11.7bn strongly confirmed the rapidly improving trend in exports and the moderation of US imports which investors and policymakers around the world had been praying for vainly for the past two years.

The strengthening of the dollar and the decline in long-term bond yields to less than 9 per cent on Tuesday provided independent corroboration of the stock market's judgement. And the industrial production and retail sales figures which came out on Wednesday underlined the fact that the manner of the US trade adjustment is just what the doctor ordered – production in May was up a healthy 0.4 per cent, fractionally above the market's average expectation, while retail sales growth, at 0.1 per cent, was considerably weaker than the economists had forecast.

American consumers are gently tightening their belts, in other words, but the fall in the dollar and the strength of demand in overseas economies are making sure that exports take up the slack.



And yet, with economic news that good behind it, the market on Thursday suddenly collapsed by 37 points. Analysts could find a whole string of excuses. There was the continuation of the drought in the US farmbelt. There were rumours of monetary tightening in Germany and Japan which caused the bond market to fall out of bed. Most convincingly, there was the simple need for the market to take a breather after an almost uninterrupted ascent of 180 points, or 9 per cent, since May 31.

In general, investors of the bullish persuasion were quite undeterred by Thursday's pullback. With the 2,100 barrier clearly overcome, they see it as only a matter of time before the market faces its next and biggest hurdle – the 2,250 point on the Dow last seen on the eve of Black Monday.

Ironically, however, the bullish dream of a further 150 point extension of the summer rally seems almost as delightful to the truly committed long-term bears.

For them, too, the 2,250 mark on the Dow is an important symbolic target. Not only would a rapid run-up to 2,250 satisfy bearish technicians by closing the "gap" in the charts left between the market's final level on Friday October 16 and the much lower opening on Black Monday ("gaps are made to be closed" is a fundamental maxim of technical analysis which seems to have withstood the test of time).

More importantly for bearish psychologists, a return of the market to where it was just before Black Monday would create perfect conditions for flushing out the thousands of institutional sellers who have been waiting for a chance to flee with dignity ever since the crash.

And what if the Dow should reach 2,250 just as the Commerce Department publishes an unexpectedly bad set of trade figures? That is the sort of question that is likely to keep most of Wall Street on the sidelines, however exciting the summer rally becomes.

Monday	2,099.40	− 2.31
Tuesday	2,124.47	+ 25.07
Wednesday	2,131.40	+ 6.93
Thursday	2,094.24	− 37.16

Anatole Kaletsky

Legal Notices

No. 003162 of 1988
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF PARKWAY GROUP PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY given that a Petition was on the 23rd May 1988 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Warner at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 27th day of June 1988.

Any Creditor or shareholder of the said Company desiring to oppose the Making of an Order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same

Dated this 16th of June 1988

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Ref: DHT/RWC

No. 003246 of 1988
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF CANNON STREET INVESTMENTS PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY given that a Petition was on the 26th May 1988 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share's Premium Account of the above-named Company

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Warner on Monday the 27the day of June 1988.

Any credit or contributory of the said Company desiring to oppose the Making of an Order for the confirmation of the said cancellation of the share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitor on payment of the regulated charge for the same

Dated this 16th day of June 1988

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Ref: DHT/RWC

John Edwards argues that there are tough lessons to be learnt from the Barlow Clowes affair

The unwritten rules of risks and rewards

IT'S EASY to be wise after the event, but there are a number of important lessons to be learned from the Barlow Clowes affair, the latest "City scandal" to hit the beadlines.

This time the main sufferers have been private investors, some of whom stand to lose their life savings. It thus has much wider implications than some of the other scandals, which have mainly involved wheeler-dealers in the City or professional investors.

The most important lesson comes down to the basic rule of investment. Any investment carries some element of risk, be it fraud or simply getting a poor return for your money. That risk should be spread. It is obviously dangerous, and unwise, to put all your eggs in one basket.

This is not quite as simplistic as it sounds. A stockbroker might recommend a balanced portfolio to spread risk by investing in different sectors of the market. But, as investors found last October, this provides no protection if there is a general decline in the value of shares. Spreading the risk means going into different forms of investment, preferably with different people handling your money.

The second basic rule is always to bear in mind that something offering a higher than average return inevitably involves a higher than average risk. The price of safety has to be paid: all the assurances in the world cannot change that fundamental fact. There is always a catch of some kind in a high-return investment.

On occasion someone does come up with a novel idea that takes advantage of a tax loophole or some temporary distortion in the market. But in a competitive world that advantage over the rest does not last for long. No-one has yet devised the system to outperform the market for ever.

Initially Barlow Clowes did offer something extra in taking advantage of the facility for "bond washing" in the gilts market (essentially turning income into capital gains). But that tax loophole was closed by the Chancellor in the 1985 Budget, so it was very unlikely that the company could maintain tha high returns achieved when bond washing was permissible unless it took risks – in other words, speculated with clients' money.

Lesson three is that it is dangerous to be too clever or too greedy. Chasing round for that extra percentage point of interest, or switching constantly to follow the flavour of the month and stay ahead of the field, means that you increase the risk of being caught out. It is, for example, child's play for investment houses to boost the short–term performance of a fund, or to trumpet the achievement of one fund to help promote the image of a company whose other funds may be performing poorly. Barlow Clowes built up its image during the bond washing days and used it to promote more dubious ventures.

The role of financial advisers, intermediaries or brokers is vital here. Under the present system they mainly rely on commissions, paid by suppliers of products, for their livelihood, so they search constantly for products to sell to their clients.

Although many advisers are very professional, they are equally vulnerable to being fooled, dazzled or simply being too greedy. Several advisers, anxious to help clients with tax –savings schemes, didn't bother to check too closely or point out the risks involved properly. Indeed in some cases they highlighted the apparent advantages of an apparently "safa" investment in government securities, without making it clear that they could not guarantee the money was being used for that purpose and without underlining the inherent risks in putting money offshore, outside the UK legal or regulatory system. As advisers they must be prepared to take some share of the blame if things go wrong. In this case this issue is not yet clear. But it looks as if advisers, who painted an over-optimistic, or inaccurate, picture of the Barlow Clowes funds may be sued for negligence.

The question then is whether the adviser took the precaution of taking out a professional indemnity policy against potential losses and whether that policy covers cases of negligence. Many of them do not. One irony is that Fimbra (the Financial Intermediaries, Managers and Brokers Regulatory Association) no longer insists on its members taking out indemnity policies, as it used to in the past. This requirement was lost as a result of the in–fighting over the proposed compensation funds.

Another lesson, and possibly the saddest of this whole affair, is the confirmation that trust is becoming a rare ingredient. The old days of "my word is my bond" appear to have gone. That is why the Financial Services Act was introduced, in order to give greater protection to investors.

So far tha main coup of the Securities and Investments Board has been to put the spotlight on Barlow Clowes and stop further losses being made. However, at the moment, with many companies and intermediaries operating on interim authorisations only from the self-regulatory organisations, investors are more vulnerable than ever, since interim approval can be used for a cloak of respectability.

There is, therefore, even more reason to follow the basic rules of investments. Gilts are very safe, but only if they actually bought on your behalf by trustworthy companies. Offshore funds can offer higher returns, and tax savings. But it should be recognised that there is a greater element of risk involved if a higher than average return is offered.

The stock market crash in October brought home the message in a painful way that buying shares was not a guaranteed way to get rich quick. Perhaps Barlow Clowes will also serve as a reminder that prudence and risk avoidance is still the best policy as far as your life savings are involved. It is an important lesson at a time when many people will be considering what to do about their pensions after the July 1 deadline opens up a variety of choice.

Paul Cheeseright on the late arrival to the market of single asset property vehicles

It's all go for Sapco

CHAMPAGNE corks may not have popped all over the City this week but, for those who have been following the tortuous progress of bringing single property asset investment vehicles to market, there certainly was a palpable sense of relief: one finally had arrived.

Trading now has started in the first such vehicle available for more than 60 years – the preferred shares of Billingsgate City Securities. In market jargon, here was the first Sapco – single asset property vehicle.

To explain that relief, a little bit of history. Since 1984 discussions have been taking place, working parties in the Royal Institution of Chartered Surveyors bave been constructing reports, and regulators have been trying to settle conditions for a new market in unitised property.

The introduction of Billingsgate started that market, albeit tentatively. There will be more issues over the coming months beginning with Pincs, the property man's acronym for property income certificates.

With Sapcos and Pincs, the private investor has an opportunity to invest directly in a single piece of commercial property such as an office block or a shopping centre, using two different sorts of vehicles. (There would have been three, but the third, the single property ownership trust – Spot – has foundered on the rocks of the Inland Revenue.)

What is happening is that property owners are creating securities out of a property and offering investors - institutions or individuals - an opportunity to share in the revenue or ownership, or both, of that huilding.

With the Pinc, the certificate will denote an entitlement to a portion of the rental revenue of the huilding, plus a share in the management company set up to run the building.

Witb a Sapco, there are the endless varieties of corporate financing. Using Billingsgate as the only example available on the local market, the securities are divided into tbree layers,

although all are tied to one office building in the City, occupied by Midland Montague on a 35-year lease with upward-only rent reviews every five years.

There are the ordinary shares but all of these are retained by Berisford Properties, the owner. The next two layers are really Berisford's attempt to raise money on the property. There is a deep discount first mortgage debenture, taken up by the institutions, and the issue of preferred shares which now have a listing on the stock exchange in London as well as Luxembourg.

The terms under which tbe preferred sbares bave been offered to the public, through Luxembourg from 1986 and now more widely, dilute the Berisford share of tbe profits from the building, both in terms of revenue and capital gain.

Preferred shareholders have the entitlement to an effective 30.44 per cent of the rental revenue, which is distributed in the form of a dividend. On present rental levels this is a return of 5.9 per cent on the original subscription price of 100p.

However, the preferred sharebolders also have 30.44 per cent of the capital appreciation in the building. Obviously, that appreciation cannot be realised until the building is sold or the company wound up. From the year 2001, these shareholders have tha right to instruct the directors to dispose of the property. They can do this through a mechanism which provides for them to appoint directors who can exercise an absolnte majority of votes at a board meeting.

Existing shareholders already are sitting on some capital appreciation because the value of the building has gone up to £110m from £79m two years ago. But what they have not seen is a comparable rise in the market value of the shares.

These started trading in London this week at around 115p, a price which reflects the traditional discount on property issues where there is joint ownership – joint in this case between Berisford and the preferred shareholders.

Here, then, is a sober investment. The return on the shares is static until the first rent review in 1990. And it is this very sobriety that concerns market men waiting for the expansion of the market.

They point out that a market needs movement, with some volatility, and this is unlikely to happen if the revenue stream varies only once every five years. If they are right, this leads to the suggestion that the most attractive single property issues are likely to be those where the building has a variety of tenants and where the rental income is shifting in accordance with the market outside.

What would be even more interesting would be an opportunity to share in development risks – but this is out of question, at least for a while. The framing of the regulations has already ruled out single property issues for anything other than established buildings.

The next stage in the development of the market itself will be the publication of Department of Trade and Industry regulations, probably some time next month.

IN THE NEWS

Shares service

FIDELITY, the unit trust group, is going into stockbroking with the launch this week of an execution-only share dealing service with a new type of charging structure, aimed primarily at the more active private investor.

For deals valued between £3,901 and £20,000 there is a flat rate fee of £50. Above that level commission charges are negotiable. For smaller deals there is a minimum of £25 up to £1,400 and for deals between £1,400 and £3,901 there is a charge of £11 plus 1 per cent of the value of the transaction.

However, to discourage the smaller investor still further, there is a one-off account opening fee of £25. There is also an additional annual administration charge of £20, but this does not apply to clients trading three or more times a year. As the promotional brochure puts it somewhat brutally: "If you are first-time investor, or trade only once or twice a year; or if you want someone to advise you or manage your investments, then you need read no further."

Barry Bateman, managing director of Fidelity Portfolio Services, said the service was aimed at "experienced and active" private investors. He claimed that for deals of £4,000 or more they were providing one of the lowest cost dealing services, but added: "We see no reason why the larger investor should continue to subsidise the smaller investor."

The dealing service will be open from 8am to 6pm Monday to Friday, and there will be direct access to dealers via a call-free telephone number. To help speed up the paperwork, all shares purchased will be held in a nominee service. This keeps the share certificates in safe custody, sends on dividends, keeps you informed of all developments affecting your holdings and takes instructions when necessary.

As a result Fidelity sends out only a contract note; a statement showing your net trading balance in each account when you have traded; an annual statement detailing your shareholdings and a tax voucher on deductions made from dividends.

● ShareLink, British Telecom's execution-only share dealing service based in Birmingham, has linked up with CitiService to take over the screen–based dealing service originally provided by stockbrokers Hoare Govett.

AIDS move

WARNINGS that life insurance premiums would be forced up by the spread of AIDS are coming true with a vengeance. Guardian Royal Exchange announced this week that some of its premiums will rise by as much as 150 per cent when a new range of temporary life contracts is introduced on July 4.

The average premium increase will be about 50 per cent, since a sliding scale based on age and sex is being used. For men of 20, for example, premiums will go up by 20 per cent, but from then on they rise to a peak of 150 per cent until the age of 40, when the premium increases start to reduce to below 50 per cent.

As women are seen as being at less risk from AIDS, the premium increases for them will be much lower – an average of 30 per cent below the rises for men.

For example, the monthly premium for a £500,000 term insurance policy for 10 years for a 30-year-old man goes up from £30.13 to £80.46, while for a 28-year-old woman the premium will be raised from £30.13 to £36.46.

Geoff Nunn, GRE's chief actuary, said that his main concern was to shield the group's life fund from the effects of a "worsening mortality experience" and it was becoming clear that this could not be achieved by underwriting restrictions alone.

Pick of the bunch

John Edwards on the launch of a unit trust 'fund of funds'

UNIT TRUST investment portfolios, where professional managers aim to choose the best of the bewildering number of different funds, have increasingly been used lately to try and lure the reluctant investor back into the stock market. Their drawback has been that they have tended to require a large minimum investment, far beyond the reach of the small private investor.

However, Barings this week announced that it is taking advantage of the new regulations for authorised unit trusts by launching a "fund of funds." Called the Select Managers Fund, it will be able to invest in any of the 1,200 or so authorised UK unit trusts on offer. In effect it incorporates an investment portfolio service into a unit trust that can be afforded by even the most modest investor. The minimum investment is only £500.

Barings say that it is the first unit trust to be authorised by the Securities and Investments Board under the new rules, which lift previous restrictions on unit trusts investing in other unit trusts. Existing unit trusts investing in other funds, such as the Abbey Master Trust and S & P Master Fund, are restricted to investing in their own funds to avoid double charging. There are also managed portfolios, which tend to have a high minimum investments and which are not exempt from capital gains tax.

Under the polarisation rules, it is no longer possible to have mixed portfolios, where the management group puts a specified proportion of the fund into its own unit trusts. Portfolios of this kind have had to be withdrawn, including Barings' own.

John Savage: looking for core holdings

This does not mean that the portfolios, or tbe new Selact Fund, is forbidden from buying the group's own unit trusts. It can do so providing it specifies a fixed proportion and can justify doing so under the "best advice" rules – in other words, if one of its funds is a top performer in a particular sector.

Double charging is not permitted. Barings have negotiated with other unit trust groups to give discounts that wipe out in full the normal initial (front load) charge imposed on purchases. However, there is still an element of double charging in that investors in the Select Fund will in many cases pay two annual management fees - the one charged by Barings and the one charged by the group whose unit trust has been bought. If a Baring unit trust is bought, this additional management charge will be cancelled, but it is not possible with trusts owned by other groups which have already abandoned the front load charge.

Barings does not anticipate any difficulty in persuading other unit trust groups to give up their initial deposit, since they will want the additional funds under management. But there must be some worry that the choice could become restricted by a refusal to give np charges if a renewed boom develops, and tha Select Fund may find it more difficult to switch on favourable terms.

John Savage, managing director of Baring unit trust management services, said that the investment strategy would be to use asset allocation on a geographical basis, as recommended by Barings. Initially this would be 60 per cent in tha UK market; 10 per cent in Europe and Japan; and 20 per cent liquid. However, the intention was to build up core holdings in unit trusts that had performed consistently well over the years. He cited as examples M & G Midland; Allied Asset Value; and Fidelity Special Situations.

There are certain restrictions. No holding can exceed 10 per cent of the value of any fund, and not more than 20 per cent of the Select Fund can be put into a single unit trust.

The estimated initial yield is 2 per cent. There will be a 50p per unit fixed rate price during the initial offer period from June 27 to July 15. After that the fund will be sold on a forward price basis each day when the value of the unit trusts it has invested in is known.

Centenary exhibition

LORD Bruce-Gardyne, former FT journalist and Treasury Minister, will be the principal speaker at the session of tbe Personal Investment 1988 exhibition that reviews personal planning in the light of the UK's 1988 budget. The event will be held in Westminster, London, on July 7 as part of the Financial Times centenary celebrations.

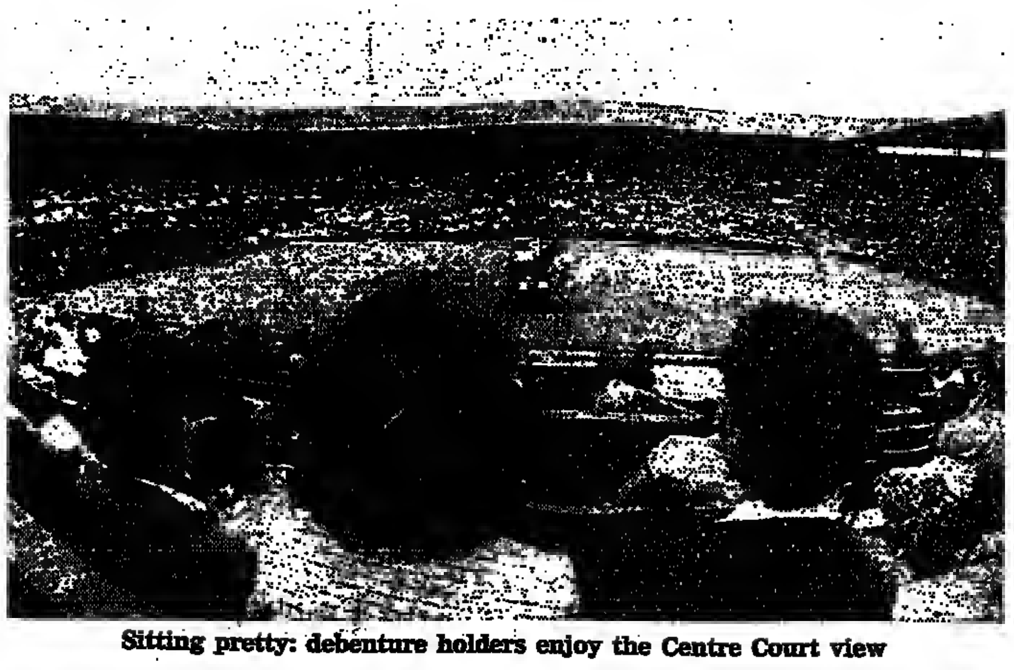
He is joined by David Stewart and Hugh Blakeway Webb of Deloittes and by John Chown, the tax adviser, previously an FT contribntor. This year's budget has major implications for tax planning and investment strategy, and the conference will examine them.

An exhibition of paintings by the New English Art Club is to be a feature of the exhibition. Members of the club, including Bernard Dunstan RA, Diana Armfield, Ken Howard ARA, Peter Greenbam RA, Tom Coates RA, William Bowyer RA, and John Linfield will show some of their new work and a prize will be awarded by William Parker, Art Correspondent of the FT. The exhibition will interest serious collectors as well as those with a general interest in modern British painting.

● **Inquiries to The Financial Times Centenary Exhibition, 175 Munster Road, London SW6 6DA. Booking inquiries: 01-781-4484. General inquiries: 01-925-2323.**

• FINANCE & THE FAMILY •

Andrew Hill on why Wimbledon's turf and buildings are a top asset



Sitting pretty: debenture holders enjoy the Centre Court view

Anyone for debentures?

WHEN THE first ball is struck on Wimbledon's Centre Court on Monday, it is quite possible that as much attention will be focussad on the occupants of 2,100 of the stadium's 12,472 seats as on the tennis.

The seats "belong" to just under 700 debenture-holders, each of whom is entitled to a prime spot on the Centre Court every day of the Championships for five years. On average, debenture seats cost £96 a day, compared with between £9 and £25 (for finals day) at the gate or through the public ballot.

In the last fortnight, claims that the debenture system reeks of privilege and exclusivity have risen to a frenzy, worthy of the most gripping championship tie-break. Critics say the sale of debenture-holders' unwanted ticket allocations fuels the black market, excluding the real enthusiasts.

Debentures are bonds: that is, redeemable loan stock secured on assets. In this case, the assets are Wimbledon's hallowed turf and buildings.

They may not ba the most expensive stocks in the world – although at £31,500 apiece when last traded they must be in the running for that title – but they are certainly among the most sought after.

Ouly about 50 of the 2,100 debentures in issue change hands annually. Around 35 of those are sold on the stock market, under rule 535(2) which covers specific bargains in unlisted stock, and the rest are probably transferred within families, as maiden great-aunts pass away and hand down the precious right to go on buying tickets.

The original issue was made in 1920, to fund the All-England Lawn Tennis Club's move from its Worple Road home two years later. Tennis-lovers paid a mere £50 per bond, redeemable after 25 years. In a sense they were buying the very seats on which they were then entitled to sit, because the debenture issue also helped pay for the construction of the Centre Court at the Club's Church Road site. When the 25 years were up – in 1948, following a three-year break for the war – it was decided that the debenture system was a useful way of raising capital, and the holders were offered the chance to buy a new series of bonds.

Theoretically, the All-England Lawn Tennis Ground – the private company which issues the debentures – could decide to sell them to anyone. Traditionally, however, the company offers new stock to existing holders. It is this running option to buy further series of debentures which explains their enormous market price – recorded in Saturday's Financial Times whenever dealing takes place – although the price does vary according to whether the stock is part-paid or full-paid.

About half of the current debenture-holders are now companies, but the rest are individuals. They include peers, politicians and captains of industry, as well as descendants of the first holders, who now pay considerably more than their ancestors for the privileges attached to the stock.

"Certainly I can think of a number of families who have held on to debentures since the beginning," says Tony Hughes, financial director of the All-England Lawn Tennis Club and company sacretary of the Ground. "They were tennis enthusiasts then and still are."

Each of the existing 1986-90 debentures has a nominal value of £500 – refunded when the bonds are redeemed. Buyers shelled out an additional premium of £5,750 per bond, including VAT – well over double the premium for the 1981-85 series. The 1986-90 issue raised £10.5m for the development of the Wimbledon museum, the ground itself, and, more recently, grants to the Indoor Tennis Initiative which fosters Britain's young tennis talent. All surpluses from the tournament itself go the the Lawn Tennis Association.

Many holders sell some of their ticket allocation, sometimes to pay for the next issue of debentures. Unlike Wimbledon officials' selling of non-transferable tickets – which can lead to banning from Church Road – this is not actively discouraged. Indeed, it seems to be regarded as an unwritten privilege of being a stockholder.

It is probably the only such perk which costs nothing. Holders can apply for a car parking space on the golf course next to Wimbledon (one of the AELTG's subsidiaries is the splendidly-named All England Motor Park Limited): if their application is successful a fee is payable. They can use the spacious Debenture-holders' Lounge, overlooking the outside courts, and sit in the Centre Court for every day of the championships, rain or shine, but they pay the same as everybody else for their champagne, Pimms and strawberries and cream.

At the moment the ground is reviewing its five-year building plan and has not yet fixed a price for the 1991-95 series of debentures. However, Tony Hughes says the company would not want to out-price some of the long-standing debenture-holders.

"I think we are still conscious that through the years when tennis was not as popular as it is now, it was the debenture-holders who were loyal to the club, and we would be sorry to lose them," he says.

And despite implicit criticism of what seems to many an anachronistic method of funding the development of Church Road, Mr Hughes stands by the issue of debentures.

"Our view is that if you have a system that has worked for over 60 years, unless you can think of a better system you should stick with it."

Nikki Tait explains the issues in the Crescent Japan row

Shareholders slug it out

WAR IS set to break out again in Edinburgh's Princes Street on Monday. The next battle in the saga over Crescent Japan, a £124m specialist investment trust managed by Edinburgh Fund Managers, begins at 10 o'clock in the North British Hotel.

At issue is the future of the Crescent Japan trust. An American concert party of investors, which has picked up 21 per cent of Crescent shares, wants the fund to convert into a unit trust. Because unit trusts are priced with direct reference to the value of underlying assets, this has the effect of eliminating much of the traditional investment trust discount. To the Grace-Pinto concert party, which acquired much of its holding when the shares were on a discount of 30 per cent-plus in the wake of the October crash, the attractions of such a proposal are obvious.

The trust's managers – although they have drawn up a unitisation scheme – remain opposed to such a move. They argue that the performance of the trust has been extremely presentable, and that unit trusts as a breed are guilty of imposing higher charges and generally underperforming their investment trust counterparts.

They have criticised the Grace-Pinto action, pointing out that the Americans are simply making a short-term turn – the type of action which, it should be said, has been prevalent throughout the investment trust sector recently.

Clearly, it is up to shareholders to decide. But that, unfortunately, is where the problems start – assuming past precedent is some guide to Monday's outcome. At an earlier extraordinary meeting back in April, when a motion requesting the Board to draw up the unitisation scheme was put to the vote, approximately two thirds of the votes were in favour and one third against.

But behind these overall figures, two clear sets of interests emerged. Very crudely, the vote in favour of the unitisation plan came principally from half a dozen institutions, plus the Americans; while the anti-unitisation lobby took in hundreds of small private shareholders.

The logic behind this division is easy to understand. Institutions argue that unitisation would realise close to net asset value – over 96 per cent – and that they have a duty to their own policyholders or pension fund clients to maximise investment returns.

Private shareholders, however, will doubtless look at the past track record of Crescent, and feel wall served. While the concert party rightly argues that – once currency movements have been stripped out – Crescent has underperformed the Tokyo index by a significant margin in recent years, small shareholders are unlikely to grouse. Anyone who invested when the trust was formed in 1972 will have seen their money multiply over 15 times.

Incidentally, they might also wonder at the relative track records of the Crescent trust and the EFM Tokyo unit trust, into which they are being offered the switch. Since June 1978, when the unit trust was born, EFM Tokyo has risen 798.26 per cent on an offer-to-offer basis (that is, excluding the spread on units) and with income reinvested. The price of the Crescent investment trust has grown 855.09 per cent (again on a mid-price basis and reinvesting dividends). Both figures are provided by Opal Statistics.

However, it should be stressed that the recent agitation has helped close the Crescent discount, and allowing the investment trust's price to outstrip that of the unit trust during the past nine months. For most of the ten year period, the two vehicles have performed roughly in line.

That said, it might appear from the last round of voting that the institutional/American lobby has the upper hand. Not so. Implementing the unitisation scheme requires a 75 per cent majority. As Crescent points out, a repeat of the voting behaviour at the last extraordinary general meeting would kill the unitisation proposal. With the outcome likely to be close, there has been sniping over proxy cards, share register information and the like.

Rather more pertinently, the Americans point to recent staff departures at Edinburgh Fund Managers – in particular, the decision by Graeme MacLennan to join another Scottish fund management group, Ivory & Sime. MacLennan was seen as the guiding force behind Crescent for much of its early life, before stepping up to become joint managing director of EFM in the mid-eighties.

Crescent counters by pointing out that that no notice is taken of those joining EFM, and that the direct fund management responsibility for Crescent has not changed recently.

Over the past months, a good deal of fire-power has been directed at the prospective form of the unitisation scheme itself. Crescent cannot be accused of short-changing shareholders: the unitisation plan offers an exit level of 96 per cent of underlying nav (net asset value) which is more than presentable and EFM will take only a £1.9m charge for early severance of its management contract when it could have claimed twice that amount.

Both sides were saying publicly this week that they were reasonably confident of victory.

But if the unitisation scheme does die, the consequences could be interesting. The Americans hint that their subsequent action could range from pressure to remove the Crescent board to conducting a long-term campaign.

But Crescent takes a conciliatory line, suggesting that it would expect to talk again to shareholders. "It would be very silly to think that things could go back to the way they were," it comments. Whether that, in turn, could produce a scheme which accomodates all shareholder interests more happily, remains to be seen.

However, if the concert party carries the day, that compromise notion may never be put to the test.

Peter Gartland calls for Gibraltar to get tough

Keep the Rock steady

FINANCIAL regulation in most countries tightens after shock and scandal. The US Securities and Exchange Commission, sometimes known as the "shotgun behind the door," came into existence in 1934 in the wake of the Wall Street crash and a series of securities frauds.

In the UK, the Policyholders Protection Act stemmed from a string of insurance company failures in the 1960s and early 1970s, while the origins of the Financial Services Act can be traced directly to the collapse of investment management firm Norton Warburg in 1981.

Now, it is Gibraltar's turn. The Barlow Clowes International (BCI) affair has focused attention on financial regulation on the Rock. Brian Traynor, Gibraltar's Finance and Development Secretary, acknowledges the need for what he calls a less bureaucratic version of the UK's Financial Services Act. "BCI underlines the need for a greater degree of government power for intervention," he concedes.

The BCI saga is the second time in less than a decade that the financial spotlight has been turned on the Rock; 1982 saw the Signal Life insurance swindle in which policyholders, many of them British, lost an estimated £4.5m. Insurance and banking legislation was tightened considerably in the aftermath. Insurance companies and banks now need a licence before they are allowed to transact business. Reputable companies in the banking and insurance sectors which have a presence in Gibraltar include Barclays, Lloyds, Clerical Medical and Eagle Star.

The accountancy profession is also well represented. Firms with offices on the Rock include Coopers & Lybrand, Peat Marwick, Spicer & Pegler and Ernst & Whinney, which is acting as joint liquidator and receiver for BCI. This strong showing of accountancy firms has helped Gibraltar's reputation as a tax-efficient location for the formation of offshore funds.

Even the major building societies have been attracted to Gibraltar recently. Abbey National holds a class B banking licence which authorises it to deal with non-residents there. Its aim was to build up mortgage business among British expatriates and holiday home-owners in southern Spain.

However, problems remain in Gibraltar's financial regulation of asset management and financial advice.

Using press and TV advertising in Gibraltar and southern Spain, BCI marketed a managed gilt fund which was "tailored to meet the requirements of non-United Kingdom resident clients." In practice, much of its business came from UK residents. There is evidence that the Gibraltar authorities were concerned about BCI, but presumably they lacked the legislative mechanism to do anything.

Gibraltar's Companies (Taxation and Concessions) Ordinance of 1983 has a significance which extends far beyond its clumsy title. The Ordinance states that if a company fulfils certain requirements relating to share capital and ownership, it can apply for tax-exempt status which the Finance and Development Secretary can grant "in his absolute discretion." This status gives a company exemption from all income tax and estate duty in Gibraltar for 25 years.

Traynor says BCI had not been granted a tax-exempt certificate. He says he considers very carefully the granting of tax-exempt status to any financial services company. He has not elaborated on this, but it is thought he was dissatisfied with the quality of the BCI management.

Under guidance from the recently elected Chief Minister, Joe Bossano, the Rock plans to expand its role as an offshore financial centre. The financial sector provides employment for more than 700 people (15 per cent of the private sector labour force) compared with 500 before the opening of the border with Spain in 1985.

Spanish banks have taken advantage of improved relations between Britain and Spain. The ambitions of banks such as Banco de Bilbao and Banco Hispano Americano, which now have a presence in Gibraltar, have been spurred by a recent relaxation in Spanish exchange controls which allows Spaniards to invest up to 30 per cent of their declared assets outside Spain.

Gibraltar should be the natural magnet for the tens of thousands of British and Scandinavian expatriates living on the Costa del Sol. But it will realise its ambition to expand as a financial centre only if it puts its regulatory house in order — and fast.

Crossing over: the border with Gibraltar

Christine Stopp on protection against 'cold calling'

The right to cancel

A "COOLING OFF" period during which purchases of unit trusts can be cancelled will be available to some investors from July 1 under the rules being introduced from that date under the Financial Services Act.

This right to cancel is designed to offset another innovation under the rules that allows unit trusts to be sold by "cold calling" methods, like life assurance products. It is designed to protect investors who may have been persuaded, perhaps by aggressive door-to-door salesmen, to buy unit trusts without having access to the full facts about what they have bought and whether they really can afford them.

In other words, you are given the right to change your mind when the salesman has gone and you have had time to think without being put under pressure.

However, the rules have been designed to prevent investors simply using the "cooling off" period as a one-way ticket to be cancelled if the market moves down immediately after they have bought unit trusts. The cancellation notice has to be sent within seven days of the purchase, and it is expected most groups will include it with the contract note. The investor then has 14 days in which to sign the notice and return it to cancel the deal.

On cancellation the investor will get back the offer price of the unit trust on the date at which the notice to cancel was received. If the price has gone up from the original purchase figure in the interim, then the original offer price is refunded. But if it has fallen, then the lower offer price is paid back. So, you cannot make a profit but you can take a loss. One consolation is that you do not have to pay any charges.

The "cooling off" concession does not apply to all buyers of unit trusts; indeed it will not be available:

■ If the purchase was made on an execution-only basis, when an order is given with no element of advice.

■ If it comes through a broker who has a client agreement with the investor.

■ If the purchaser fills in the coupon accompanying an advertisement which gives full details of the product.

Clients of brokers sign away their cancellation rights when accepting a clients' agreement, as do investors who make up their own minds.

Since most unit trust groups channel a large proportion of their sales through brokers, and these deals are likely to be exempt from "cooling off" this should leave only a small number of investors getting cancellation rights unless the pattern of sales changes significantly.

However, deals through brokers are causing some controversy. For a start, a unit trust group has to rely on a broker's assurance that there is a client agreement with the investor.

If the purchaser subsequently seeks redress on the basis that the unit trust was not sold on the correct terms in the first place, and the "cooling off" period was unfairly denied, it is the group, not the broker, which is liable. Unit trust groups, therefore, are worried about an unquantifiable future liability building up unless their arrangements with brokers are watertight.

The Unit Trust Association has issued a draft model letter for use between unit trust groups and brokers, which sets out the terms of business between them and should transfer the group's potential liability to the broker if the sale does go wrong. However, there is considerable uncertainty about whether even this will be legally acceptable.

An alternative method is for the unit trust group to send cancellation notices to all clients who do business through brokers. But this is not very popular with the brokers, who are notoriously sensitive about management groups intruding on their territory.

M & G, the largest unit trust group, will be sending cancellation notices to all brokers' clients unless the broker certifies for each deal that the business is not eligible. But other groups mostly are assuming that broker dealings do not qualify for cooling-off unless the broker has not signed and returned a terms of business letter.

Business done direct with the group will qualify for cooling-off if it is "advisory" but not if it is an execution-only deal. Even here, opinions vary.

Mercury will be giving cooling-off notices to all direct purchasers but not to any broker clients. MIM Britannia and, most probably, Fidelity will give rights to advisory direct clients but not to the minority of brokers who do not return a terms-of-business letter.

Abbey expects most broker business to have no cancellation rights, but will give rights to all deals done through their associates and on all purchases through mail shots.

This is one area where there might be quite a bit of change even before July 1, as there are still possible changes to the rules in the pipeline. Groups are complaining that this makes it almost impossible to set up a revised computer system to handle the right-to-cancel notices.

There could also be changes after July 1, as only then will it become clear to what extent the cancellation rights stage will be taken up. A malicious commentator floated the idea that investors may simply sign the cancellation form and return it, assuming it to be some sort of registration document.

A PROVOCATIVE look at the investment trust industry, its attractions and its shortcomings, is taken by County Natwest WoodMac in its Investment Trust Annual for this year.

William Cochrane looks at a controversial view of the investment trust industry

Awkward questions

In a series of questions from a hypothetical novice, it puts up some cruel propositions, such as:

■ Trusts are companies owned by the wrong people, who do not really want to own them at all. Investment trusts, it says, are mainly owned by insurance companies and pension funds, which used them as an easy way into ordinary shares in the 1950s. Many would now like to reduce their weightings in the sector.

■ The people who ought to own investment trusts — the private investors beloved of the Thatcher Government — do not really know of their existence and are unlikely to find out about them; investment trust managers, it implies, should be much more publicity conscious.

■ Investment trust managers sometimes fail to understand what they are really doing — which, according to County NatWest WoodMac, is more akin to managing ICI than unit trust funds. In any case, the argument continues, managers can make more money by managing other types of investment vehicle.

■ Managers are often investment trust directors too, says the tyro, and supply most of the committee members of the Association of Investment Trusts, so it is unlikely that things are going to change.

The brokers argue that change is essential and possible. They say that the 1988 Budget gave a tremendous boost to the individual investor, first by scrapping the distinction between highly taxed income and lightly taxed capital gain, and secondly by reducing the top levels of income tax so that it once again became possible to save significant sums out of taxed income.

Trusts, they say, should make a massive effort to recapture individual shareholders: "Ideally, they should be in the hands either of individual investors, small to medium-sized institutions or institutions, such as certain unit trusts, which are specifically committed to investing in investment trust shares.

"Instead, large blocks of shares are owned by large institutions . . . the desire of the institutions to realise the underlying value of the trust shares they hold, when combined with their effective voting control of many trusts, puts the sector under a Sword of Damocles which is not conducive to its health, although it does have the effect of keeping discounts down."

County NatWest WoodMac is not keen on the predators. It sees a pattern developing which includes opportunism, trying to frighten investment trust managements into what may or may not be the right defensive action; short-termism, buying solely to unlock a gap between price and asset value — "which is often found even in the very best and fastest-growing trusts."

They see lack of commitment to the sector. "It goes against the grain for us to see outsiders treat trusts as if they were unsupervised warehouses storing idle and underpriced goods." And they accuse some shareholders of selfishness: "It is hard to sympathise with schemes manifestly designed to suit one shareholder or a group of shareholders, with no attention being paid to the needs of others."

They say that the discount-to-asset value on which investment trusts have been historically valued is the root cause of all the attacks which have been made on the sector. They say it will have to be removed; and they suggest how that can be achieved.

Managers should raise the target yield on the overall portfolio; "it should not be forgotten that a trust with a good yield will probably tend to sell at a lower than average discount." With that policy, they should increase dividends and thereafter keep them growing at a faster rate.

Where saving schemes exist, they should be more widely promoted; where they do not exist, boards should think about introducing them.

More advertising should be carried out; meetings and seminars should be held for primary advisers (solicitors, accountants, financial advisers, country brokers, bank managers and so on); ways should also be found of providing financial inducements to primary advisers to put their clients into investment trust shares.

There should be political lobbying, above all to make it possible for trusts to buy in their own shares. At present, notes the annual, "they can do so only through using revenue reserves, which means that it is seldom prudent or worthwhile to do so."

Priority plan

THE NEW REGIME for the Business Expansion Scheme inevitably will make it harder for investors to get shares in a tempting newcomer. With a mere £500,000 worth of shares on offer, a good company from a major issuing house is likely to be snapped up in a matter of hours.

Small wonder, then, that the largest of the BES sponsors, Johnson Fry, reckons it can now charge investors a fee to improve their chance of an allocation.

Under its Priority Investment Plan (PIP), investors are asked to pay an annual subscription of £75.

In return, they will be sent Johnson Fry prospectuses seven days before these are released to any other investor; and they will also get priority over any other investors for the first 10 days of the offer period.

A further boon, says Johnson Fry, is that individual issues will become better value since the costs of printing, posting and advertising will be reduced substantially.

The upshot is that non-subscribers to this plan are unlikely to get any sight of prospectuses. Johnson Fry says it expects individual issues to be subscribed fully by PIP subscribers, in which case no prospectuses will be sent to other investors.

That could make the PIP attractive to the keen investor, for Johnson Fry is a very big fish in the BES pool. Last year, it raised a total of £60m and sponsored 10 major prospectus issues. It claims to have raised three times more than its nearest competitor and about 30 per cent of all BES money raised in the UK.

There is, of course, no guarantee that Johnson Fry will maintain this record. Its reputation is not based on the small venture capital-type deals which may come to the fore under the £500,000 restriction. Still, it expects to offer between five and 10 issues this year.

Another consideration is that the PIP does not guarantee any shares in an offer. Johnson Fry says the number of subscribers will be "strictly limited" — but does not say to what.

Vanessa Houlder

CHESS

CITY INSTITUTIONS have provided much of the financial backing for British players who in recent years have advanced rapidly to become a major rival to the Soviet Union.

Kleinwort Benson sponsors the British championship and Duncan Lawrie the England olympic team. Lloyds Bank supports both Britain's leading international open and the England junior squad while National Westminster provides junior coaching by masters.

Foreign & Colonial sponsors the traditional Hastings congress while the Phillips & Drew/GLC tournaments brought world champions to County Hall in London. Last week, City solicitor Watson, Farley & Williams introduced a new concept when it sponsored an international event — and also hosted it at the firm's offices in Minories, Aldgate.

This innovatory in-house format comprised a pleasant playing room, a rapid results and games bulletin service, convenient opportunities for the firm's clients to view play, and the best hospitality suite I have experienced.

Designed to give young British players the chance of grandmaster and master results, the WF&W tournament produced a future star in 14-year-old Mathew Sadler, who tied for second prize behind Scotland's Paul Motwani and finished ahead of all the overseas grandmasters.

Sadler, with a previous international master score from Oakham this spring, can now become the world's youngest IM, and the second youngest of all time, if be achieves his third and final IM norm at Lloyds Bank in August.

Britain already has the world's youngest IM in Michael Adams, 16, whose results include a win and a draw against Gary Kasparov in simultaneous play. There is every chance that this talented pair will become leading world grandmasters early in the 1990s.

Their promise means that the City's chess backers are now supporting a significant trend which could lead to Britain beating the Russians at their traditional national game where — Bobby Fischer of the US excepted — they have dominated the world for 40 years.

It will be a difficult task. Chess in the Soviet Union is revered as the favourite game of Marx and Lenin. It receives immense support from Soviet sports authorities with regular tournaments, monthly stipends for grandmasters and masters, and a bevy of trainers and aides for their best junior talents.

Moscow's Central Chess Club in Gogolevsky Boulevard is a focal point of national activity (as are the open-daily Manhattan and Marshall clubs in New York; the Americans are third in the world, close behind Britain). London has no equivalant centre and, thus, no central venue where young talents can analyse or play blitz chess with senior experts.

Michael Adams, who in the USSR could expect personal coaching from top veterans like former world champions Botvinnik or Smyslov, lives in Truro, Cornwall, far from the London-based grandmasters, and has no regular trainer — distance and cost do not allow it.

Meanwhile, following the end of the brilliant Phillips & Drew/GLC series, Britain now has only Hastings and Lloyds Bank as regular international tournaments.

The positive side for the City's chess sponsors, present and future, is the likelihood of much-increased media interest in the next few years. Principally, this means Nigel Short's attempt on the individual world title held by Kasparov.

Short, who has qualified for the quarter-finals of the series to decide Kasparov's 1990 official challenger, has every chance of playing him, either in them or in a separate series outside the regular cycle. When Fischer was in contention for the world title in 1970-1972, US media recognition surged once he had reached the final eliminator against Petrosian. The same can be expected in the UK if Short plays Karpov or Kasparov.

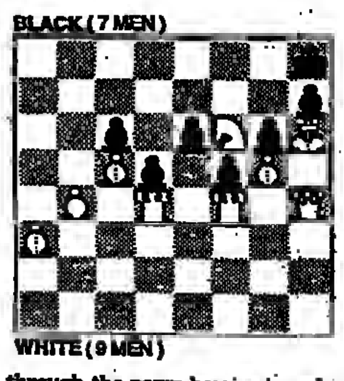
But now, following the emergence of Adams and Sadler, Russia's long series of victories in the biennial, 120-nation chess olympics also looks endangered. Teams are of six a side and England — with established grandmasters Short, Speelman, Nunn and Chandler — were silver medallists in 1984 and 1986.

At the last olympics in Thessalonika the USSR, led by Kasparov and Karpov, survived by only half a point. If Adams and Sadler fulfil their promise, England will have a real chances for olympic gold and of delivering a culture shock to Moscow in 1992 or 1994.

PROBLEM No. 727

White mates in three moves against any defence (by Dr R. Goette). A problem classic: it looks impossible for White's queen and rooks to break through the pawn barrier in only three moves.

BLACK (7 MEN)



WHITE (9 MEN)

Solution Page XXIII

Leonard Barden

Good fortune that turned sour

My wife and I have had a current account at a local bank branch for 20 years. During that time, it has bought and sold several small lots of shares for me.

In 1975, I bought my wife 1,250 shares of Central & Sheerwood for £275. They went up, then down, and there was no dividend. In May 1987, there was a rights issue of 3,740 for £74.80 – which we bought as it was below the price at the time.

There were also some documents relating to a change in the existing shares, which I did not understand. So I did as I have in the past – took it to the bank for its advice.

The securities department there studied the documents and, when I called back next day, said we had 17,480 shares. I could not believe our good fortune and asked if there was some way we could double-check. The man to whom I spoke said he would phone the broker. I called next day – he said the broker had confirmed his estimate.

I told him that I did not wish to raise my wife's hopes of such good fortune. He suggested that he would get confirmation from the company secretary of Central and Sheerwood, which was received on June 29, 1987. I then gave him the blank selling form my wife had signed and the shares were sold for £3,600.

We had a very good holiday, put in new fitted bedroom furniture and were generous to our children and their families at Christmas.

Early in January 1988, we received a letter from the bank manager saying the broker had made a mistake; that we would need to buy 10,000 shares at 9p to complete the deal; and that he would be grateful for our thoughts on this matter.

On January 6, I sent a written explanation and thought that this would be the end, but on March 11 I received a letter from the new man in charge of securities requesting me to come to the bank to discuss the matter.

When I got there, he stated rather forcefully that my wife was to blame. She had signed to sell 10,000 shares she did not have; he knew nothing of the manager's letter blaming the broker; and he was not prepared to discuss the Central and Sherwood company secretary's estimate of the share split.

He said we were to pay up and that we would still be left with a "windfall" of £1,000. I could not understand why he was so eager to blame us. I told him I would seek an independent opinion before we gave him £900.

He has written again, requesting an early settlement and stating that "under normal circumstances the monies would be taken out of the account if they were paid in by mistake." I phoned the bank manager to discuss the problem but he refused to talk to me.

As only my pension is paid into the bank, £900 is not readily available. Can the money be taken from our account? Are we obliged, after a lapse of over six months, to pay for someone's errors? Is there a time after which a deal is a deal?

We can see no good reason why the bank should expect you to pay for their officer's error. Although the lapse of time does not make a transaction more binding, you can rely simply on the bank's reiterated representation made to you as to the number of shares in circumstances where the bank held itself out as being willing to obtain that information for you as its customer.

If the bank manager is not prepared to govern his "chief of securities," you should write to him (with a copy to his area manager) pointing out that he was quite clearly conscious from the outset that the error lay with his staff (possibly compounded by Central & Sheerwood Ltd) and requiring his confirmation that you will not be required to pay for those errors, failing which you will place the matter before the Banking Ombudsman, Citadel House, 5-11 Fetter Lane, London EC4A 1BR.

Irish domicile

Is the Irish Republic treated similarly to other foreign countries for residence and taxation matters? Would full-time employment in the Republic qualify a UK-domiciled person for non-resident status? If so, would the position be altered by frequent short visits to the UK?

You will find general guidance in a free booklet *IR20 (1986) – Residents and Non-residents: Liability to Tax in the UK* – which is obtainable from your UK tax inspector or from the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, EC2R 1LB.

If you are regarded by the respective tax authorities as resident in both the UK and the Irish Republic, the effects of dual residence will be mitigated by article 4(2) of the double taxation convention of 1976.

There are a number of special provisions in the taxes Acts relating to the Irish Republic (and its citizens); some are favourable and some not. It is to be hoped that such discriminatory provisions will eventually be removed from the statute book and superseded (as thought appropriate) by articles in a protocol to the 1976 convention, or an entirely new convention.

Declaration of trust

When I decided to give some property to other members of my family, I made an oral declaration of trust in the presence of a witness who subsequently made a written statement.

Later, the property was sold and the solicitor acting for the vendors informed us of the following:

"The memorandum made by Mr W on . . . does not operate on evidence of a declaration of trust. Under the law, a Property Act of 1925 is amended and the Trustee Act 1925 is amended; a declaration of trust is valid only if it complies with certain requirements and is made by you and agreed by you."

An oral declaration of trust is effective for property other than interests in land. In the case of land, the declaration must be evidenced in writing signed by the person who made the declaration (section 53 of the Law of Property Act 1925).

As the requirement is directed to evidence, and does not direct that the declaration itself must be in writing (although that is safest), you can now sign a document stating that you made a declaration on a certain date and setting out full details of the declaration.

Tenants in common

Last year, a house in the UK was purchased equally by myself and another person. However, due to the other person not being available to sign the documents within the short time frame to secure the property, the purchase was completed in my name only.

The other party and myself would now like to effect changes to have the property recognised legally as being owned equally by both of us.

What is the least complicated and most cost-efficient way this can be accomplished.

The simplest course would be for you to execute a deed of declaration of trust, reciting that the price was furnished by both of you in equal shares and declaring that you hold the legal estate on trust for the two of you as tenants in common in equal shares in equity. If required, you can then appoint your co-owner as a new trustee so that he acquires a joint tenancy (with you) of the legal estate.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

House for daughter

My wife and I are buying a house for my daughter, who is making a contribution by way of a mortgage. She is single but, as she is 24, she might get married in due course.

As we wish to preserve a stake in the house, I propose the purchase is made as joint tenants. Is this possible? How will this be affected if eventually she marries while living in the house?

It is perfectly possible to effect the purchase as joint tenants; it can be done by appropriate wording in the conveyance or transfer. But it would be more prudent to have a tenancy in common (likewise expressed in the conveyance or transfer), and a separate declaration of trust can be used to record the actual proportions of the various shares. Your daughter can always dispose of her share, whether on, after or before marriage.

BRIDGE

I WAS MOST impressed by *Guide to Better Acol Bridge* by Ron Klinger, published by Gollancz at £10.95. It covers bridge in every aspect and will help the serious student to reach intermediate and advanced standards. Let us start with this deal:

N
♠ 3
♥ J 5 3
♦ K Q 4 2
♣ A J 7 5 2

W
♠ K J 8 7
♥ Q 10 6
♦ J 10 9 8
♣ Q 9

E
♠ A 9 5 4 2
♥ 8
♦ 5 3
♣ K 10 6 4 3

S
♠ Q 10 6
♥ A K 9 7 4 2
♦ A 7 6
♣ 8

South deals, with East-West vulnerable, and opens with one heart. North says two clubs; his hand is unsuitable for an immediate raise in hearts. With a minimum, South rebids two hearts and now North jumps to four hearts.

West leads the diamond knave. Declarer should win with dummy's king and at once return the three of spades. If East wins and plays his singleton heart, declarer takes his ace, ruffs a spade in dummy, cashes the ace of clubs and ruffs a club in hand.

He ruffs his last spade, crosses to his diamond ace and cashes his king of hearts. As the trumps are 3-1, he loses a trick to the queen but collects 11 tricks.

The declarer's timing must be precise. If he draws two rounds of trumps before leading a spade, West will win the the spade lead and cash his queen of hearts. This will draw dummy's last trump and enable the defence to gather two more spade tricks.

When dummy is short in trumps, and you need ruffs, take those ruffs before you touch trumps.

Here is another heart contract:

N
♠ A J 9 4
♥ 9 8 4
♦ 7
♣ A K 7 6 2

W
♠ 8 6 5
♥ J 10 5
♦ A K 9 8 2
♣ 10 5

E
♠ Q 10 7
♥ Q 3
♦ 10 6 5 3
♣ Q J 9 8

S
♠ K 3 2
♥ A K 7 6 2
♦ Q J 4
♣ 4 3

North deals with East-West game and bids one club. South replies correctly with one heart. North's rebid of one spade is routine and now South should rebid two diamonds.

This is fourth suit forcing – South has enough for three no trumps but tries to find out if his partner has three-card support for hearts. South has such support but, with his minimum opening, says just two hearts. With more strength, he would have raised to three. North's four hearts ends the auction.

West leads the diamond ace. This lead cannot be criticised but a trump would be good. At trick two, West switches to the six of spades, which runs to 10 and king. The declarer cashes ace and king of hearts, followed by ace, king of clubs and a club ruff. West overruffs and leads another spade.

Winning with dummy's ace, South ruffs another club and leads his queen of diamonds for a ruffing finesse. West covers and the trick is taken by dummy's last trump. Now the established seven of clubs is led, on which declarer discards a spade, and he makes 11 tricks. Once again, note the excellent timing.

E.P.C. Cotter

Legal Notices

IN THE HIGH COURT OF JUSTICE No. 003331 of 1988
CHANCERY DIVISION
IN THE MATTER OF ROCK PUBLIC LIMITED COMPANY
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 1st day of June 1988 presented to Her Majesty's High Court of Justice for the confirmation of:-
(i) The cancellation of the Share Premium Account of the above-named Company and
(ii) The reduction of the capital of the said Company from £4,800,000 to £3,400,000

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Warner at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 27th day of June 1988.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account and reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned solicitors on payment of the regulated charge for the same.

DATED this 10th day of June 1988

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA
Ref.
Solicitors for the above-named Company

• GARDENING •

Robin Lane Fox recalls a lady of real flower power and finds that her successor remains in the pinks

By their shoes shall ye know them

TWENTY YEARS ON, we are all supposed to be remembering 1968: it is surprising what lives in the mind. My memories of that eventful summer go firmly against the trend. They include, as always, the Fortnightly Flower Shows held in that gaunt hall in London's Vincent Square. My personal image of flower power is the real thing. It is not all fuzz and lipstick but it is truly flowery and truly powerful, e middle-aged lady with a far-reaching voice and e seriously floral hat.

The late Mrs Desmond Underwood used to occupy a stand at the Royal Horticultural shows which varied little from one summer fortnight to the next. It showed nothing but dianthus and plants with silver leaves. "Pinks and silvers" were an elegant combination which she had invented, drawing on her gifts as e flower arranger.

Given half e chance, she would distribute a text called her Grey and Silver booklet; it marked all her plants from one to five, registering them for hardiness. I always found that the ones which I liked scored four to five and were unsuited to cultivation outdoors unless you owned a sandpit or lived on the Gulf Stream.

Perhaps I stood out among the trendy ladies, all over 50, and their trendy hats of the era. Once, the two of us talked, and she showed as much of an interest in family trees as in trees with grey and silver leaves.

Her own trump card was her relation, Reginald Paget, whom she considered to be quite mad because he combined a passion for fox-hunting with a seat in the House of Commons. He was e Labour MP but, unlike a modern selection committee, she objected to the socialism, not the fox-hunting. To her surprise, I agreed; she saw that I liked gardening; and during the summer of Les Evenements she introduced me to Helichrysum Fontainesii, which is still in my garden as a superb silver shrub although it scored only a rather dodgy three.

Whenever I came near her stand, she would amaze the other flower ladies by shouting over their heads how Reggie had had a cracking Saturday with the Pytchley. "In the pink," she once called to me, "but I suppose it matches his wretched politics."

She introduced a pink called Grand Favourite, which I still enjoy. In 1971 Collins published her book on silver leaves, which was like the pamphlet, but longer; it is still the best book on the subject. When she died, I heard that her Ramparts Nursery in Colchester had been sold. I tend to assume that nurseries, like gardens, die with their owners. Her death was followed by the cold winters of the 1980s which must have sent most of the silver plants graded from four to five to join her.

A few keen gardeners did tell me that Ramparts was still flourishing and winning gold medals. I heard, however, that a frightful hailstorm had hit its greenhouses last August. Only last month, 20 years on, did I have the chance to run the late Mrs Underwood to her old earth. Ramparts nursery is not living on old memories: if anything, it is even better and, I suspect, a great deal tidier.

Mrs Underwood chose her successor, Mr Gingell; and although she did not grade him for hardiness, he deserves her highest mark. The list and the nursery at Ramparts are packed with more good things than ever.

Unlike his predecessor, Mr Gingell has a realistic eye for garden plants which are truly hardy. I can best give you the feel of him by three observations. The nursery still has an excellent list of pinks, many of which are old-fashioned varieties which are improvements on truly old ones. Most of them cost only £1.

Unlike the plants which I bought from the National Collection for conserving pinks, the plants are rooted firmly and are not little cuttings in a detachable peat compost. My first inclination was to buy a pink called Cheryl which I had seen at Chelsea. Mr Gingell listed it, but said he was sure I would hate it: to prove it, he showed me e picture. Instead, I bought two little ones called Kestevin Chambery and Damask Superbe, plantsman's varieties which were not promoted by Mrs Underwood.

Mr Gingell is also a person who cannot resist ramondas. The conditions at Colchester are everything which they hate: hot, sunny and alkaline. He grows them in peat blocks because he shares my view that they are lovely. His conversation is full of the observations of a sharp-eyed plantsman: oddities like Rumex Scutatus or the unusual Phlomis Tuberosa. If you like small hardy plants, Ramparts and its mail-order service come high on the list.

My last point would, I think, have pleased its former owner.

On the Monday at the Chelsea Flower Show, there is a moment when all the exhibitors prepare for the Queen's tour of the tent. Ramparts was showing a charming stand of pinks and grey-leaved varieties, much in the Underwood mould but with a greater range. Just before the Queen, I met Mr Gingell carrying one pair of earthy shoes with which he was hurrying to replace an equally earthy pair in which he had laid out his exhibit.

"By their fruits you shall know them," outsiders sometimes think about gardeners. That way, you sometimes confuse them with people who merely employ gardeners to do it all for them. Personally, I think that you know them, instead, by their shoes although, after 20 years, my wife would still look resignedly at their fingernails.

Arthur Hellyer discusses the finer points of strawberries

Runners with too much speed

AT THIS time of year, strawberry beds can get choked with self-rooted runners in a matter of days. Some varieties produce runners much more freely than others: long slender growths which sprout out from the mother plant and produce plantlets every 6in or so. Where these touch the soil, they form roots rapidly and soon develop into new plants so that, unless removed regularly, you can soon have 100 plants where there were 20.

Rooted runners are what nurserymen sell to their customers, but they are careful to give them plenty of room by spacing the mother plants at least a yard apart, restricting the number of runners produced by each plant, and allowing only one plantlet on each runner to root.

They also prevent any of the plants flowering and fruiting, thus concentrating their energies on runner production. By these means vigour is maintained, there is no overcrowding, and the rooted runners should be of good quality.

There is seldom enough room in a garden to set aside a separate bed for propagation. This is undesirable, anyway, since strawberries are susceptible to various virus diseases causing stunting, leaf deformation and yellowing, symptoms not easy for the non-expert to recognise with certainty.

Anne Morrow

It is, therefore, wise to renew stock every second or third year. If any home propagation is attempted to reduce costs, it should be confined to obviously-sturdy plants; and, on each of these, only three or four runners should be allowed to produce one plant each.

The rest should be removed, except from some of the so-called ever-bearing or remontant varieties which produce a succession of fruits over a long period, some of them on the runners. The popular Gento is one such variety; so is the newer, much-praised Aromel. With these extended-season varieties, it does not matter so much if the beds get rather overcrowded by autumn since it is best to replant every year.

The genetic difference between summer and ever-bearing strawberries is that flower production in the former is controlled by day length whereas temperature is crucial with the ever-bearers. These also are more susceptible to disease than the summer strawberries; Aromel, Gento and Ostara are all rather bad in this respect.

Attempts are now being made to eliminate this weakness and, at the same time, to improve the cropping of late-fruiting varieties. This could be quite important commercially since our late summer and early-autumn climate is much more favourable for strawberry productioo than the hotter, drier climate of some of the Mediterranean countries which are able to beat us hands-down in the spring.

A number of promising, late-fruiting strawberries which are not ever-bearing and which, apart from their time of cropping, resemble closely the traditional summer-ripening varieties, are now under trial. One, named Pandora, was released to commercial growers last autumn and, in cropping, consistently has outperformed such well-proven summer-fruiting varieties as Cambridge Favourite, Tamella and Bogota.

In the south of England, Pandora starts to ripen in mid-July and continues until mid-August, well beyond the cropping season of Bogota. However, I am not certain how soon it will be available to private gardeners.

Bogota, which ripens a little earlier and gives about the same crop as Cambridge Favourite, is available from fruit specialists such as Ken Muir, Honeypot Fruit Farm, Clacton-on-Sea, and Highfield Nurseries, Whitminstur, Gloucestershire; and I would expect these firms to be first in the field with Pandora for the retail market.

Those buying Pandora should plant it with another variety of strawberry as it is self-sterile and will not crop on its own. Waterperry Horticultural Centre, Wheatley, Oxford, still sells a healthy strain of Royal Sovereign for those who hanker after the fine flavour of this very old variety, discarded long since by commercial growers because of its relatively low yield.

August and September are the best months for planting strawberries as this gives them ample time to get established, but only specialist firms are likely to be able to supply at this time. Garden centres prefer to wait until the spring when there is much greater demand, but that is too late to expect a first-season crop from June/July-ripening varieties.

However, given good cultivation and plenty of water, it might not be too late for an early-autumn crop from the ever-bearing types.

When summer-fruiting strawberries have finished cropping, it is good policy to cut off and burn all the leaves to destroy all the pests and fungal (but not viral) diseases. If the bed is then given a sprinkling of fertiliser and a good watering, the plants will soon produce plenty of new leaves.

International Property

London Property

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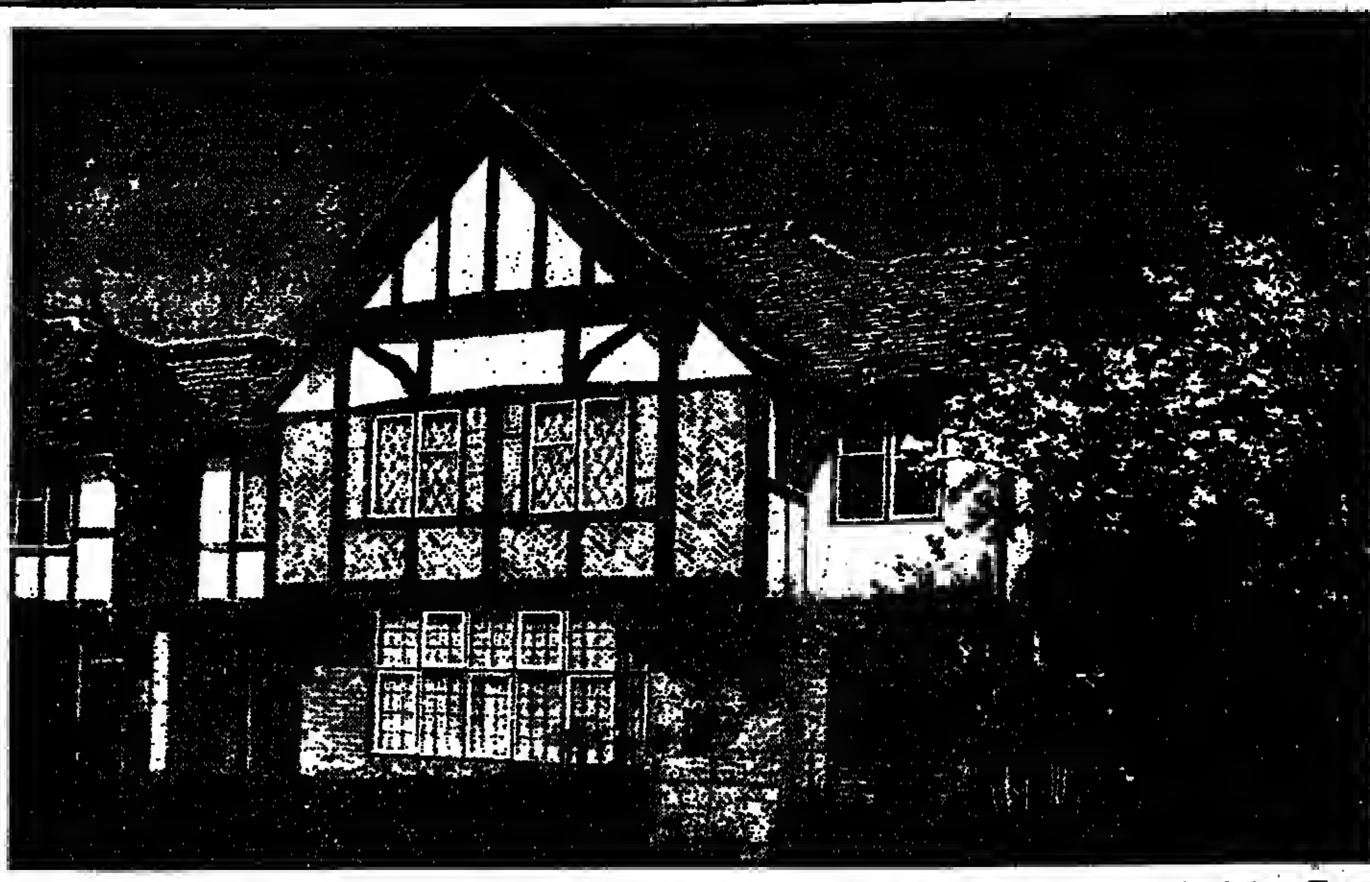
• PROPERTY •

John Brennan on a mixed market where caution is the keyword

High hopes in Hampstead



A five-bedroom freehold house in Hampstead Garden Suburb, £495,000 through joint agents Aston Chase (01-724-4724) and Goldschmidt and Howland (01-435-4404)

HOME-BUYERS have to tread warily in Hampstead. The streets and avenues of every sub-market in this northern annexe of central London have been worn thin by agents and residential developers, its houses and flats are submerged with free property magazines, and no letter box in Hampstead or Highgate has escaped its regular harvest of agency offers to provide a free valuation. As a result, owners tend to be hyper-sensitive to property values, and quite a few seem to be insensitive to advice.

That is why you will often find two, seemingly identical-sized homes in neighbouring streets offered at wildly dissimilar prices. There is a sufficient mix of properties and enough nuances in the fashion rating of the location to prevent these price variations from looking too eccentric to anyone unfamiliar with the area. But as often as not the difference has less to do with any realistic market value of the property than with the attitude of the existing owner.

To judge by Savills' most recent price guides, the resale value of an average, four-bedroom house in Hampstead has more than doubled over the past four years, from around £250,000 to more than £500,000. That rate of increase has inspired quite a few owners to put their property up for sale at purely speculative prices. They may not be unduly interested in selling but wouldn't say "no" if someone proved willing to pay what, on any objective basis, might be regarded as an exceptional premium.

Apart from owners who take no notice of advice on price, and who may well prove reluctant to do a deal even if someone calls their bluff with a bid at the full asking price, there are a fair few who have allowed their judgement to be swayed by the sales patter of a persuasive agent.

Because of the pressure from agencies to get established in this consistently active residential market, there are plenty of examples of properties that remained unsold even in the hottest months of last summer, when it seemed that anything that could be even vaguely linked to the area attracted queues of competitive buyers. The problem for those over-priced homes could often be traced to agents winning sale instructions by pandering to owners' fanciful values.

"A lot of vendors feel that they know what their property should be worth," says David Kay of Hamptons' Hampstead office. "It's only human nature that Mr Smith four doors down from a property that sells for £1m will ask 'why can't I get that?' or that the neighbours look around a new development and expect that they ought to be able to get the same money for their property. They are likely to be comparing the price of their home with a new scheme that has all modern facilities, or with a property that is in far better condition."

Marcus Deakin of Anscombe & Ringland echoes the point that, "there are a lot of properties at higher prices than any comparable evidence would support." He agrees that it is partly because of over-optimistic owners, partly the effect of over-enthusiastic agents.

"Some people are a bit too hopeful, and there are a lot more agencies up here, so it is probably a bit of both. We did have a big house offered to us for sale that was worth about £1m, and the owner wanted £1.5m. That's totally unreasonable. But generally people are being a lot more realistic, and there is plenty of interest at realistic prices."

It is the extreme range of properties that helps to make Hampstead, and its eastern neighbour Highgate, such active slices of the London residential market. You can still find everything from bedsits to £10m-plus mansions in the broad area bordering the 820 acres of heathland and stretching across the northern heights of the capital.

Anscombe & Ringland has more than 200 houses and 380 flats on its books in the Hampstead area alone. And, as Marcus Deakin says, even after the price rises of the past few years the agency's list ranges from off-centre houses with four and five bedrooms from £350,000, to £6m for a 10-bedroom mansion in Bishops Avenue in the southern stretch of Hampstead Garden Suburb – an area the locals prefer to call Kenwood.

Look east and, he says, "houses in Highgate are not profoundly cheaper these days, you have high value areas there just as you have in Hampstead. There are no hard and fast rules because there are so many different types of buildings and so many different individual markets. It's not like Knightsbridge or Belgravia, where you have great rows of similar stucco-fronted houses and terraces. Here you have everything from vast piles put up by mad Victorians to modern flat developments, Georgian town houses, small family houses and older conversions."

This is not, as he says, a part of London that succumbs to generalisations. The usual generalisations about Hampstead and Highgate as village communities with a long and continuing record of attracting a Chelsea-like roll call of artistic residents are no help when it comes to deciphering the state of the local property market. But they have ensured that the area is an internationally recognised part of London, and an honorary part of central London, so that prices in Hampstead and to a lesser extent in Highgate are topped-up by pressure of overseas buying.

Marcus Pollack of Aston Chase finds that quite a number of his international clients start by looking for a home in Regent's Park or St John's Wood and end up buying in Hampstead, "because a lot of overseas buyers do not relate to leaseholds, and at the top end of the market they get disillusioned by the lack of gardens with the houses in Regent's Park.

"It is not that they get more for their money in Hampstead. Over the years it has become an expensive market. It's just that people prefer freeholds, and they often have a conventional image of the property that they want and look for lower, wider houses with some ground around them."

Pollack reports that Indian businessmen with families at school in England have been overtaking Arabs and Greeks as the most active top-of-the-market buyers in the north west boroughs. They like the space of the Kenwood mansions, and major properties anywhere in Hampstead-proper are fine, while Highgate remains more of an English, European and American market.

Many international buyers are put off by the out-of-town sound of Hampstead Garden Suburb, although over the past year an increasing number of Japanese buyers have been drawn to the broad mix of family houses in the 82-year-old garden suburb.

Hampton's David Kay confirms continuing strong demand for newly-completed properties from Hong Kong buyers. "The optimum unit is a flat or house up to £400,000. I could sell any amount of two bedroom new-built flats at between £200,000 and £400,000.

"There is tremendous demand from investors for these properties, but they have to be new. Buildings are put up and taken down in five years in Hong Kong and the Chinese investors are not used to the idea of older property. They won't look at them, just as they won't look at the top floor flat in a new-built block because they don't want to have problems with the roof.

"Expatriates buying eighteen months or a couple of years before they come home to England are different because they know the market and will buy an older property. Chinese buyers who want to keep a home here, or have a home for children who are at school or college in London, may buy an older large house, but they mainly want new-built properties.

Given the amount of infill development in Hampstead in the past few years there has been a steady stream of new-built apartments, or new flats behind the facade of completely reconstructed houses. But few of these fall into the target price range of individual investors. However, there are any number of smaller houses and older flat conversions of varying quality throughout the area which help to maintain a broad range of prices and stop the NW3 postcode from becoming a rich ghetto.

Winkworth's St John's Wood office (01 586 7001), recently offered a 123-year lease on a two bedroom, second floor flat in NW3 for £50 short of £150,000, and you would still expect to find good studio flats in Highgate for £80,000 or so. At the other end of the scale, developments facing onto the Heath, or with sites along the Hampstead-Highgate heights, enabling them to take advantage of views over London, have justified some of the most lavish – and expensive – new residential buildings in London.

Only the smallest, 1,590 sq ft flat in the West Park Gardens development now being sold by Hamptons costs less than £1m. That comparative minnow is priced at £625,000, and it only seems small when it is set against the remaining 12 flats, which cost from £1.25m to £2.5m.

Hampstead & Highgate

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Contact: Richard Taylor.

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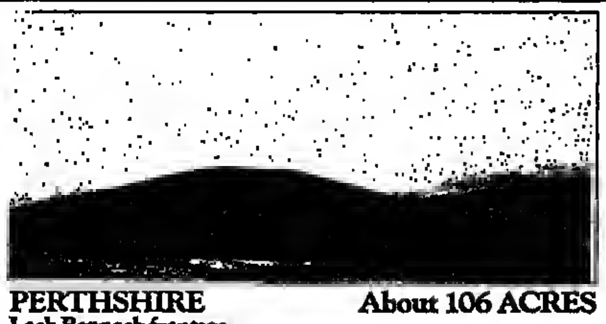

PERTHSHIRE — About 106 ACRES

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Joint Agents:
Lane Fox, Cirencester. Tel: (0285) 3101.
Savills, Banbury. Tel: (0295) 3535. Contact: Michael Clark.

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Gas central heating.

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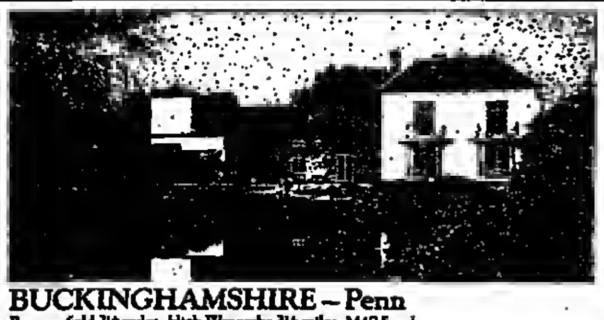
About 0.6 acre.

Savills, London. Tel: 01-499 8644.
Contact: Henry Pitman.



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Savills, Henley-on-Thames. Tel: (0491) 579990.
Savills, London. Tel: 01-499 8644.
Contact: Henry Pitman.

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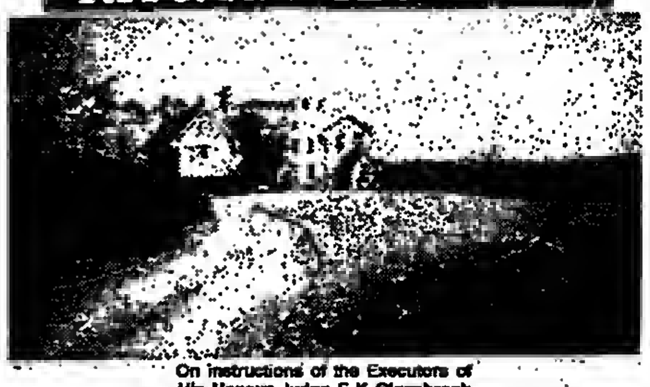

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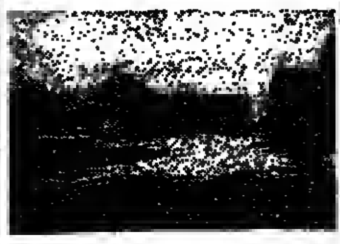
Bathrooms

Nationwide Anglia



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Indoor swimming pool and sauna.
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BUSINESS BOOKS

David Kynaston takes a look at the crowded history of one of the City of London's institutions and some of the people who made it great

Standard Baring over the centuries

THE SIXTH GREAT POWER: BARINGS, 1762-1929 by Philip Ziegler. Collins. £17.50, 430 pages.

THE STORY Philip Ziegler has to tell in *The Sixth Great Power* is a fascinating one, not least in its early chapters on the rise of the bank. Beginning in 1717 as traders and manufacturers in Exeter, having originally come from Bremen, the Baring family was able by 1763 to open a merchant house at Queen Street, Cheapside in the heart of the City.

By 1807, when the firm became known as Baring Brothers & Co, the business combined the functions of trading in goods and accepting bills of exchange (the principal lubricant of international trade), and acting as London's leading issuing house. The Napoleonic Wars and their aftermath created enormous opportunities, and in 1818 the Duc de Richelieu coined his irresistible aphorism that Barings now ranked as the sixth great power in Europe.

During the nineteenth century Barings settled into a less glamorous rhythm than that of its main rival, Rothschilds, and were doing by 1850 almost four times as big an acceptance business – the bread-and-butter of merchant banking – but only a fifth as many foreign and colonial issues, always a much higher-profile concern. Nevertheless, there was still plenty of interest accruing to Barings.

Throughout the century the firm did a great deal to further the economic expansion of the United States; a close relationship with the Russian government earned the house much opprobrium during the Crimean War; while in 1886 the successful if controversial flotation of Guinness was almost outweighed the following year by a vain and costly attempt to engender metropolitan enthusiasm for the Manchester Ship Canal. A good merchant bank is one of the most plastic and receptive of institutions, and Ziegler conveys well the multifarious character of Barings' business, constantly ranging over most of the world.

As one might expect of such an accomplished and experienced biographer, Ziegler is at his best on the human beings, most of them members of the family, who shaped the course of Barings' history. The contrast between the first and second Lord Revelstoke is particularly piquant. Ned Baring, created a peer in 1885, and his son John, who between them dominated the house from the 1870s to the 1920s, were both "intelligent and cultivated, self confident to the point of arrogance." They also shared "immense application and zest for work."

But whereas Ned "had a gambler's instinct which caused frequent distress to his more prudent partners," John "enjoyed better judgement and a capacity for calculation." The consequences were palpable: Barings led by the first Lord Revelstoke almost went under, Barings with the second Lord Revelstoke in charge returned, if not to former glories, at least to eminent respectability. Ziegler never loses sight of the crucial importance of personality, and does full justice to a rich and diverse array.

However, it is by its account of the great crisis that faced Barings in 1890, resulting from over-commitment in the Argentine, and arguably the most profound shock in the annals of the City, that a history of the bank must stand or fall. Ziegler handsomely passes this test, recreating in satisfyingly dramatic fashion the highly charged atmosphere of those febrile days and showing once more that but for the guarantee fund established by the Governor of the Bank of England, William Lidderdale, the house of Barings would not have been the only business or institution to have perished at that time.

There are no major revelations, perhaps because the Baring archives are curiously thin on this almost legendary episode, but Ziegler skilfully pulls together all the available evidence; and it is pleasing to know that the Chancellor of the day, Goschen, recommended Lidderdale for a GCB on the considerate grounds that "he is not rich enough for a baronetcy."

Larger questions remain. In particular, what light does Ziegler's history throw on the influential thesis about the impact of the new men put forward by Stanley Chapman in his pioneering *The Rise of Merchant Banking* (1984)? Chapman takes the view that by the turn of this century the older houses were becoming ossified and starting to diminish in international importance beside their younger, more dynamic rivals, both inside and outside the City's merchant banking fraternity.

Ziegler does not quarrel with this perspective and points out that whereas Barings in 1900 employed some 70 clerks, the comparable figure for the much more aggressive Morgans in New York was twice that. The conventional wisdom has traditionally been that it was the First World War that undid the City (for half a century anyway), with New York as an international financial centre benefiting to permanent effect from America's three years of neutrality; but it is becoming clear that, as with the British economy as a whole, the seeds of long-run decline were already present.

All in all, it might have been possible to write a more technical history than Ziegler has achieved, but probably not a more enjoyable or perceptive one. Moreover, with full-length histories of Morgan Grenfell and Schroders in the pipeline, our knowledge will soon be enriched still further. As the City continues its present-day journey into the unknown, it is appropriate that it should at last begin to understand something of its history before the revolution.

Distinguished Barings. . . the first Lord Revelstoke by Lib and the second by Spy

Jaguar's top-seller in the 1950s and 1960s shown in its final 240 form in 1969.

Along bumpy roads

WHEELS OF MISFORTUNE: The Rise and Fall of the British Motor Industry by Jonathan Wood. Sidgwick and Jackson £15.95

MOST ACCOUNTS of the decline of the British motor industry emphasise the sellers' market after World War Two, which concealed shortcomings in quality and productivity, and the ill-judged mergers of the 1960s. Yet perhaps the greatest weakness, apparent even before the war, and shared with much of British industry, was a lack of professionalism and technical competence at all levels, a persistent tendency to "make do and mend."

British car managers were brilliant improvisers, able to keep production going in the face of shortages, strikes and assorted crises, but less good at product planning, pricing and cost analysis.

Instead of an Alfred Sloan, who in the 1920s imposed order on General Motors and created the model of the modern corporation, the British industry was dominated before the war by brilliant individuals – men like Herbert Austin, William Morris – who were unable to build stable, long-lasting enterprises.

As Jonathan Wood shows in this readable and well-researched history, intuition had its place, especially at the top end of the market where the British industry was particularly strong. William Lyons of Jaguar had a remarkable talent for the styling of high-performance cars and he shrewdly confined himself to a narrow segment of the business.

The company which he built was strong enough to survive absorption into British Motor Holdings and then into British Leyland, and is now the jewel of the British-owned sector of the industry.

Similarly, the old Rover company had pursued a careful and consistent model policy since the 1930s, based on high-quality engineering. Wood quotes John Barber, who moved from Ford to British Leyland at the time of the mergers in the late 1960s: "Rover was easily the best controlled company in British Leyland. It had much more information about its costs than any of the others."

Yet its management was ultra-cautious and sought security in a larger group. The failure of Rover to make the transition from small-scale British producer of executive cars to a larger world competitor – described more fully by Richard Whipp and Peter Clark in *Innovation and the Auto Industry, (Frances Pinter)* – is one of the saddest chapters in a depressing history of decline.

Wood is stronger on personalities and models than on managerial strategy, but his interviews with the industry's leading figures of the 1960s and 1970s shed useful light on recent trends, not least the misconceptions of the Ryder report in 1975 and the rise of Ford to market leadership.

Patrick Hennessy, who ran Ford from 1948 to 1968, is described by Wood as "unquestionably the outstanding British motor industry executive of his generation." But the company also benefited from the modernisation which had taken place in the US parent under Henry Ford II after the war. The British company was ahead of its rivals in graduate recruitment and in developing sophisticated approaches to product planning and financial control.

Above all, the decision in the mid-1960s to set up Ford of Europe – strongly opposed by Hennessy – was a far-sighted move to exploit economies of scale in the enlarged European market.

Regrettably, the attempt by Barber and other Ford alumni to graft the Ford culture on to British Leyland in the early 1970s failed to take. There was an unresolved tension between the centralising "big company" instincts of the Ford men and the more entrepreneurial attitudes which prevailed in companies like Triumph and Leyland.

Perhaps Alfred Sloan would have been up to the task, but the organisational challenge would have been formidable even if the external environment was more favourable and the internal problems, notably chaotic labour relations, less intractable.

When Ford itself had the opportunity to buy what was left of BL's car business in 1986, it *was* frustrated by political pressure. But a Ford take-over would probably have meant even more drastic cutbacks at the two main car factories of Longbridge and Cowley.

By that time, moreover, the old Austin-Morris business – brought together in 1952 to form BMC in yet another badly executed merger – had turned to an ally of quite a different character, Honda of Japan.

The outcome of that blend of cultures, soon to be be a joined by a third partner in the unlikely shape of British Aerospace, is awaited.

Geoffrey Owen

BUSINESS BOOKS

Clay Harris on the field of corporate warfare

In the shadow of Guinness

TAKEOVERS
by Ivan Fallon and James Srodes, Pan, £4.99, 299 pages

"TAKEOVERS CAN be the most dramatic form of corporate activity. They engage human instincts and endeavour reminiscent of the territorial contests of a former age."

Not Gordon Gekko, but Takeover Panel chairman Robert Alexander in an unconventional effort to throw a romantic light on the City watchdog's often mundane role. Recent events confirm a wide popular curiosity about corporate warfare.

After the success of the film *Wall Street* – behind all that seductive Manhattan cinematography, an ageless morality tale about temptation and greed – the battle for Rowntree brought more homely expressions of similar issues: will the foreigners get their hands on our Smarties?

In a broader sense, takeover battles also force supporters of a free and barely regulated capital market to confront its concrete manifestations. In the Commons as well as Congress, the spectacle of the most ardent free enterprisers demanding government protection for the independence of their local companies has been something to behold.

To engage our attention, however, conflict is required.

If one company acquires another with the target's willing recommendation, outsiders usually show little lasting interest in the economic arguments involved or in the ultimate effects on employees and even on themselves as consumers. Even if the acquisition proves less than successful for the bidder, there are likely to be few front-page headlines.

The authors, deputy editor of the *Sunday Times* and US financial correspondent for the *Daily* and *Sunday Telegraph*, therefore, cannot be faulted for choosing to deal only with contested takeovers. However, their book, a revision of a previous hardback edition, remains little more than an anthology of "takeover battles one or the other of us has covered."

In part, this must reflect its genesis. Begun in 1984, whatever its original theme was did not survive the watershed events of 1986-87. The separate but overlapping affairs of Boesky and Guinness cast a shadow on everything which happened before and afterwards.

It seems strange, therefore, to devote the first detailed case study to the battle for House of Fraser, which the authors themselves admit was something of a one-off. Originally, perhaps this was to have had a more central place.

The Fraser account, however, is sufficient warning of what lies ahead. Each chapter stands alone, with little connection to its neighbours. Again, this must reflect the problems of putting together a book from the opposite sides of the Atlantic with each author generously quoting from newspaper accounts and notebooks. There is only the barest effort to unify the episodes with broad conclusions.

Even at the risk of becoming bogged down in details, the US sections – on Hanson's bid for SCM, on Boone Pickens' precedent-setting greenmail of Phillips Petroleum, on the role of Wall Street law firms in the creation of poison pills, and finally on the rise and precipitate fall of insider traders Ivan Boesky and Dennis Levine – are the most informative.

In part, this reflects the greater objectivity with which British newspapers approach transatlantic bid battles, even those involving UK protagonists. At home, Sunday newspapers, especially, are seen – and see themselves – as important players in the game.

The interplay between public relations agencies and the press, especially during takeover battles, is but one aspect which is barely touched on here. It is a case, perhaps, of being too *far* inside to discuss all the tricks of the trade.

Appropriately, tba antbors refrain from making any firm conclusions about the far-from-concluded Guinness affair, even though Ernest Saunders helpfully read and advised on an aarly draft of the book shortly after the Department of Trade and Industry inspectors were appointed. The tenor of their account, however, is that alleged share support during the Distillers bid was really only larger in scale, and perhaps ambition, than standard City practice.

No such reticence about drawing conclusions applies, however, to the lengthy feud over House of Fraser between the al-Fayeds and Lonrho's Tiny Rowland. Even though this saga is long from over, a new reader would have no doubts about who was right and who was wrong. He might never guess that many uncommitted observers consider the arguments more evenly matched – or at least unresolved.

Philip Coggan looks with interest at the unholy trinity of sport

Forward from baggy shorts

THE SPORTS BUSINESS
by Neil Wilson. Judy Piatkus, £12.95, 187 pages

The reality of sport sponsorship: a scene from the Fourth Cornhill Test

WHEN THE Football Association turned down a £20m offer from Courage Breweries to sponsor the FA Cup, quite a few commentators were surprised. Having given us the Canon League, the Today League and the Barclays League, why draw the line at the Foster's Cup?

Sport, business and television now exist in an unholy trinity whose interests are anything but spiritual. TV gets cheap programming and gives sponsors the coverage they want; sponsors get cost-effective publicity; sport gets the revenue to pay players the wages they demand.

Mr Wilson, a sports writer for the *Independent*, has no truck with those who long for the old days when shorts were baggy and sport was purely entertainment. Amateurism, he says "was a concept of class divisions, created by Victorians to keep people in ther rightful places."

No-one can deny that, for example, cricket has been a sport run by snobby old buffers for far too long. But it is a big step from decrying the old system to welcoming the modern era to which the sporting bero is a foul-mouthed yob, dressed np as a walking billboard.

Not that Mr Wilson gives us too mnch analysis. Instead, he presents a series of portraits of the various participants in the sporting business world - from the stiff upper lip of Buzzer Hadingham, chairman of the All-England clnb to Micky Duff, the boxing promoter, wbose family came came to England as refugees from Poland to 1938.

Not long ago, sports sponsorship was the preserve of a few companies whose directors were keen on a particular pastime. Now the Williams motor racing team is so commercialised that it employs a man who does nothing but fix the sponsors' stickers on to the car before the races.

Mr Wilson presents a mass of such intriguing detail and his writing style is certainly up to the high standards set by the *Independent's* sports writers. But the book's structure is too constricting and Wilson is too uncritical for the reader to get a real view of the relationship between business and sport.

For example, the chapter on the Olympics leaves the head swimming with all the details of the megadeals. Bnt the casual reader might never know that many distinguisbed sportsmen see the Games as a giant, sprawling mercenary mess which has long since lost sight of its ideals.

And the chapter on Barry Hearn scarcely mentions the fact that some in snooker feel his virtual monopoly of the world's top players is a threat to the long term health of the game.

Sport is entertainment, and entertainers deserve to be paid. But when the payment, not the sport, becomes the main purpose of the contest, then entertainment disappears as well. Artificial competitions, like Kerry Packer's cricket circus, alienate the crowds.

Many found it ludicrous that Eddie "tbe Eagle" Edwards became a celebrity last winter. But Eddie was a man everyone could associate with - the bloke next door risking his life to fulfil his sporting dream. If in the midst of all the TV events and the sponsored challenges, people like Eddie get elbowed out of the limelight, then sport will finally have died.

Alan Forrest looks at a new chef's pièce de resistance

All the best for starters

THINKING OF BUYING A RESTAURANT?
by Colin Cooper English, David & Charles, £6.95, 144 pages

MOST OF us have met them, the ageing couple, he ex-Army and ex-business, she pearls and twinset, both dedicated eaters-out and intoxicated by their grasp of wine, who are going to put their spare cash into a little restaurant and run it in a way that would make Escoffier seem like a greasy spoon cook.

The fact that they are both totally unfitted to be allowed near a boiling egg does not deter them. They plunge, so does their money, so does another little corner of English catering, so unfortunately, do the customers, and tbose who insist that the real English disease is amateurism have more ammunition.

"I have had experience of such establishments - the little culinary oasis in the West Country where the "chef's own paté" had the imprint of the can on it and a smiling waiter said:"Yes sir, it's really the chef's day off pate." He advised me to talk to "the colonel" who I found in a pub just down the road and I felt I ought to be in my best battle dress with gleaming boots, but he was quite nice and gave me a refund. "He never was a colonel," the locals said, "but he was a captain and we like to flatter him." The restaurant no longer exists and I am told "the colonel" is living quietly in Worthing.

I have chosen the really black spots of British catering which have really been transformed over the last couple of decades. Colin Cooper English's excellent little book may not have been written in vain if it deters people like "the colonel" from starting restaurants. On the positive side it gives excellent advice to people going into the business with professionalism.

English is himself a professional, with long years in the business including training at one of the great catering academies in Lausanne, gaining Egon Ronay stars and awards at catering exhibitions. Here is part of his advice to aspirants: "There in a chiffon dress or a neat lounge suit one might pass elegantly from table to table. . .

"How good it would be if it were as simple as that. . . The smell of delicious food pervades the air, and there is light chatter and laughter. Any businessman worth his salt would be mentally totting up what the day's takings might be - that is only human nature.

"But the same businessman ought to return to dine on a snowy, dreary Monday evening in January when most people are tucked up cosily in their homes and the restaurant is possibly only one quarter full...

"The businessman will be quick to realise that every restaurant needs at least one good Saturday night's business if it is to survive - let alone be his El Dorado."

Having given you the bad news, English moves on to the good. The section on raising the money to start your restaurant is particularly good to read. Even the Countryside Commission *may be worth thinking about as* it has power to aid people bringing extra environmental attractions to an area. Some of the advice is basic, but often missed - be careful about stock at valuation and don't be faced with a great opening night with only half a keg of beer in the kitty. He ranges through all the options, from fast food and concessions to a genuine gourmet restaurant.

And the section on keeping accounts is well on target. There are wonderful chefs who are poor bookkeepers. "If the restaurant is a husband-and-wife partnership it is essential that one of the pair is capable of simple accounting." The economics of producing a fixed-price three-course meal with lots of choice is seriously examined and shown to be to be possible to profesionals.

As the food and drinks industry attracts more and more activity from those who wish to speculate and accumulate, owning a restaurant may not be a bad idea. As English says:"Even Trusthouse Forte started out in life as a bumble milk bar."

BUSINESS BOOKS

Making history again

PRIVATISING THE WORLD
by Oliver Letwin, Cassell, £19.95 hardback, £9.95 paperback

PRIVATISATION has become a lucrative business. In the case of British Telecom, for example, the direct sales costs in the UK and overseas were no less than £157m (mainly fees), with the total cost of the flotation (including incentives to shareholders) amounting to 7 per cent of the proceeds. A dynamic, increasingly global business demands a manual. In this short book, Oliver Letwin, head of the International Privatisation Unit of N M Rothschild & Sons Ltd and formerly at the Prime Minister's Policy Unit, attempts to meet the demand.

Mr Letwin must be a busy man. It would be unreasonable, therefore, to expect a rigorously argued and carefully researched book. Certainly, he makes no attempt to respond to academic critics (for example, to the arguments in George Yarrow's article in Economic Policy of April 1986, which is not even mentioned in the list of references). Those who want a more scholarly analysis, therefore, should read *Privatisation: an Economic Analysis*, by John Vickers and George Yarrow, which was reviewed by my colleague, Max Wilkinson, on Thursday, May 19.

In his article Yarrow said that "it is on its contribution to economic efficiency that privatisation must ultimately be judged." The remark manages both to be right and to miss the point completely. The value of Letwin's book, by contrast, is that it recognises what privatisation is about.

The author lists nine reasons for privatisation: the transformation of the nature of government; the contribution to the public finances; the opportunity for improved employee involvement; the opportunity to attract foreign capital; the broadening of the domestic capital market; the effect on operational efficiency of privatised entities; the opportunity to render subsidies and price distortions more transparent; the need to make regulation more explicit; and the effects on competition.

Of these reasons, the first five have little to do with the economic efficiency of the privatised entities (and often conflict with it). This should not be surprising. As John Redwood remarks in the foreword, "privatisation is a policy for all seasons and for many reasons". But among the main aims, at least in the UK, have been the political ones.

The policies of the Thatcher government are a present-day exemplar of an old story: the king and people against the barons (in this case, the trade unions, local government, universities and even the nationalised enterprises). Privatisation rewards potential supporters with the fruits of policies that weaken the government's enemies.

As the author remarks, "the most important element in making privatisation a positive political success has been the far more fundamental step of creating a great interest group in its favour."

In this book and in real life, "answering the opponents" (the title of the third chapter) is a political, not an intellectual, problem. Nonetheless, one would have wished for greater awareness of the economic objections. For example, the author should have explored the conflicts between maximising sales proceeds and placating management, on the one hand, and introduction of competition, on the other hand.

The slogan of "popular capitalism", too, needs to be challenged. The programme has, indeed, created nine million shareholders, where there used to be two million. What Letwin does not say is that the proportion of UK equities owned by institutions is greater than when the programme began. Still less does he note that ownership of equities through institutions is more sensible for most individuals than owning a few shares in the peculiar assortment of privatisation issues.

The FT once argued that "It is not the substitution of one owner, public or private, for another that can put British industry, or any part of it, on its feet again." These remarks were made of nationalisation under Mr Attlee. Does privatisation under Mrs Thatcher escape the strictures?

Experience suggests that the distrust of the state as a manager of enterprise is justified, though the argument applies mainly to firms subject to competition. Nonetheless, the worst defects of even the bad privatisations, like those of BT and British Gas, may be remedied in time.

Nevertheless, there is a danger that the privatisations of the big public utilities will bring the whole idea into disrepute. The sight of inadequately-regulated firms earning huge profits, while providing a lamentable service, is unattractive. However compelling the political rationale for privatisation, the final judgment will be made on the criterion of efficiency and, on this, the jury is still out.

Martin Wolf

WHAT'S WRONG WITH WALL STREET
by Louis Lowenstein. Addison-Wesley. $17.95.232 pages

Barry Riley looks at a spiralling paperchase

Return to old values

WALL STREET paid a severe regulatory price for the 1929 crash, in the shape of the Glass-Steagall Act and other legislation, and the US securities industry now anxiously awaits the consequences of the 1987 crash.

There are also other phenomena which may call for a reckoning, including the turmoil of $180bn of takeovers annually, and the corruption and speculative excesses which have gone with them. Meanwhile, the easy-going Reagan administration is on the way out, and a Democratic president could well be elected in November.

Louis Lowenstein in this book - subtitled *Short-term Gain and the Absentee Shareholder* - has provided an acute analysis of the longer-term trends within the securities markets which have led to the present crisis. A former mergers and acquisitions lawyer, and now finance and law professor at Columbia University, he has seen Wall Street both from the inside and the outside.

His heroes are Graham and Dodd, authors of the classic 1930s work *Security Analysis*, and Warren Buffett, the maverick investor from Omaha who picks situations and stays with them year after year; almost uniquely among modern institutional investors Buffett is willing to accept the full responsibilities of the owner-shareholder.

Lowenstein's targets are the frenetic traders, M and A specialists and futures and options operators who have combined to turn the stock market and its derivatives into temples of short-termism. He attacks the Wall Street Rule - love 'em or leave 'em - which ignores any question of commitment on the part of shareholders to the companies they invest in. On average, American investors now hold individual stocks for little more than a year.

In the early 1960s 3m shares were traded on a typical day on the New York Stock Exchange. By 1981 this had risen to 47m. In 1987 this average figure was 189m with a peak daily volume of over 600m shares during the October crash.

The NYSE boasts that it will be handling 600m share- days routinely by the end of this year and eagerly looks forward to 1bn share capacity by the end of 1989. Meanwhile, the occasional "quiet" 100m-share-day is regarded by bloated Wall Street firms as threatening financial disaster.

But what is the economic function of this spiralling paperchase? Lowenstein reckons that in 1987 the cost of trading represented 0.9 per cent of equity market capitalisation, or as much as 17.6 per cent of underlying corporate earnings. He dismisses the idea that hyperactive markets price shares more efficiently than inactive ones.

The institutionalisation of equity investment in the US has made matters worse. According to the author, "the money managers have contributed almost nothing to the direction or oversight of the companies whose stocks they so briefly hold." They concentrate entirely on the buy-sell decisions, and make no effort to stimulate the performance of companies while they are shareholders.

The common excuse is that what investors fail to do directly the takeover system will do for them. Underperforming companies will be taken over at a premium by predators, to the benefit of both shareholders and the economy at large.

Louis Lowenstein has studied such contentions as an academic, and he does not think much of them. At the macro level, he sees no real evidence that the productivity growth of US industry has picked up in line with the acceleration of takeovers in the past few years. As for individual bidders, he cites evidence that they mostly prefer to target companies which have good rather than bad managements.

This is because many bids are in pursuit of diversification, and take acquirers into territory where they recognise that they have little expertise. Nevertheless, they are paying increasing premiums - commonly 80 per cent over pre-approach levels.

Takeovers, says Lowenstein, have ceased to be a remedy of last resort and instead have become a financial device of first resort.

But what should be done about the fickleness of shareholders? The author puts forward two suggestions. One is that action should be taken to curb trading, and he promotes a Warren Buffett proposal for a 100 per cent tax on all gains on stocks held for under a year. The other is a proposal for shareholder nominated directors who would provide a channel (which scarcely exists at present) for the implementation of the priorities of investors.

Unfortunately the first of these seems impractical, at least in the present political climate, and the second ineffectual. All the same, it must be a fair bet that the transaction-driven fashions in the US securities markets have gone about as far as they can. They are generating severe instability. Maybe the NYSE should put those 1bn share trading plans on hold.

GRAHAM AND DODD'S SECURITY ANALYSIS, FIFTH EDITION
Edited by Sidney Cottle. Roger F. Murray. Frank E. Block
McGraw-Hill, New York. Unpriced.

Back to Buffett's bible

BENJAMIN GRAHAM and David Dodd have provided the professional investor's bible since it was first published in 1934. Over time, the title has become the generic name for an entire financial discipline, and the book has provided the starting point for many great investors. Perhaps the best known today is Warren Buffett, the sage of Omaha, who has based his extraordinarily successful career on Graham's teachings.

Graham died some years ago, and the last edition of the book – published in 1962 – was beginning to look dog-eared and dated. The good news is that a fifth edition has now been published in the US, and Grahamites will be be urging its publishers to fly emergency supplies over to Europe quickly.

Comparisons between the two editions provide a reminder of the enormous changes which have taken place in financial markets over the past 25 years. The size of the US Government debt market has multiplied many times; the rules governing US accounting practices have been expanded from a few thin pamphlets to more than 2,000 pages of opinions and standards; a host of new financial instruments have been developed, many of which would surely have earned Graham's strong disapproval.

Yet the overall message is unchanged. Indeed, although the book has been re-ordered and brought up to date where it matters, the sections covering investment philosophy are largely unchanged. And the style is the same, too: the carefully measured phrases; the thinly disguised distaste for new issues and other speculative abominations; the magisterial use of the third person as in: "It is the analyst's job to go the rest of the way."

The approach is based on a rigorous and disciplined search for intrinsic values in stock market investment. The argument (which has become more fashionable since the Crash) is that the market's pricing mechanism is so frequently irrational that the price of a security only occasionally coincides with the intrinsic value, around which it tends to fluctuate. The analyst's job is to discover the value which is justified by assets, earnings, dividends, definite prospects and management quality.

There is no easy path. "Successful common-stock investment extends over many years and usually involves many separate commitments." But the effort is worthwhile. "Common-stock investments based in the first instance upon the valuation method, and if possible buttressed by a substantial indicated margin of safety, are more likely to work out well over the years than those based on superficial analysis, market popularity, or business anticipations for the short term."

Writing in the spring of last year, and using Graham and Dodd's valuation methods, the editors rightly concluded that Wall Street was clearly overvalued with the Dow standing at around 2,400.

This book is very much for the professional investor in US securities. The private individual would do better to beg, borrow or, if absolutely necessary, steal Graham's most popular book, *The Intelligent Investor*, which is, I think, out of print. But the new edition still includes some irresistible investment nuggets. Here are a few, to catch the flavour:

■ "Some enterprises that are long established, well-financed, important in their industries, and presumably destined to stay in business and make profits indefinitely in the future, but lacking in growth appeal, will tend to be discriminated against by the stock market. This is especially true in years of subnormal profits; they will sell for considerably less than they would be worth to private owners. This last criterion – a price substantially less than value – constitutes the touch-stone for the discovery of true investment opportunities in common stocks."

■ "Nearly all managements in fast-growing industries seem to be geniuses - until the growth rate slows."

■ "Retained earnings that cannot result in subsequent increases in earning power are not true earnings from a security analyst's viewpoint."

■ (On so-called "junk bonds"): "Equity cannot be made into unused borrowing power by labeling it as such; only the underlying economic and financial realities can so produce equity. Excessive financial leverage has always taken its toll of security values, and we are not convinced that this episode will be an exception."

Disciples of Graham and Dodd have a hard time in a roaring bull market. They are required to shun fads and fashions, and to buy – and sell – only on the basis of strictly defined valuation systems.

However, virtua brings its own rewards. In the words of this latest edition:

"We accept the view that our mossback conservatism will indeed keep the investor out of many growth stocks in which huge profits will be made by others. We believe that there are few geniuses on Wall Street, but that most security anlaysts have reaeonable amounts of common sense · the principles and techniques urged in this book require only diligence and common sense, and discourage investment ventures which demand either flashes of genius or very good luck."

It's all frightfully good stuff.

Richard Lambert

Istanbul — all too forgettable

STRADDLING two continents, shimmering like o jewel, alternately revealing herself and then veiling herself again in a mysterious gauze of secrecy, Istanbul guards the precious relics of three empires. She is o unique link between past and present, between East and West, not only magnificently historic but surprisingly, vividly alive and modern, a city of minarets ond palaces, of shadowy mosques and shady churches, of bustling crowds and cobbled streets, of exotic food and friendly locals — in short, an unforgettable . . .

SORRY, *sorry!* Wrong intro, wrong Travel Page! I have a malfunctioning keyboard and a dizzily wioking screen which has gone completely haywire and is showing me a video of *Teenagers From Outer Space*, a classic, as I recall, from 1959.

I must alert the systems people, particularly as the last word that flies to mind when trudging round the wreck of modern Istanbul is "unforgettable." Other words suggest themselves, such as claustrophobic, shabby, horrendous and deafening. But not "unforgettable" — not unless your exposure to cities that have been ruined by a crush of humanity and appalling traffic is exceedingly restricted.

In short, I found my recent weekend in Istanbul a major disappointment — even though Istanbul has rocketed into the Top Ten table of UK travellers' favourite Euro-destinations as monitored by Travelscene, one of Britain's leading short-break specialists.

Travelscene's top ten cities for the first quarter of 1988, based on actual bookings and with previous poll positions in brackets, were: 1, Paris (1), 2, Amsterdam (2), 3, Venice (3), 4, Vienna (5), 5, Rome (4), 6, Madrid (7), 7, Luxembourg (6), 8, Florence (6), 9 Barcelona (−), 10, Istanbul (−).

The oew eotries, Barcelona and Istanbul, shouldered out Berlin and Budapest, though Budapest has made a strong second-qnarter showing. According to Travelscene, this is a boom year for city breaks — it is seeing a 50 per cent increase in business across the board. Demand has also been heavy for Moscow and Prague, though lack of accommodation in those two has held back bookings.

Michael Thompson-Noel on a weekend all too short of Turkish delights

Other cities bubbling away just below the top teo are Bruges, Brussels and Seville.

In the view of Jo Montfort, Travelscene's managing director: "There is an enormous potential market for short breaks to Spain, and so we are not surprised to see the Spanish cities moving up to rival the more establisbed Italian options. Wa believe this is because millions have tasted a little of the country by visiting the Costas and are attracted by seeing the traditional side of Spain.

"Tradition, too, has played a part in the popularity of Istanbul, which offers a totally different culture and lifestyle to that of otber western cities. Unlike most of the beach resorts springing up along the coast, Istanbul gives a real flavour of Turkey in days gone by."

Does it now? It certainly gives a flavour of something. But Istanbul is not what it was. What it was I do not know but what it has become is a manic megalopolis. It is not that I hate cities. I love them — except for abont 60, of which Moscow, Birmingham and Bangkok, not forgetting Jakarta, come high on the list.

But I have always wanted to visit Istanbul — ever since, as a wide-eyed schoolboy, I read about the mysterious universe of the sultans, about the Janissaries, about unbelievable happenings behind locked doors at the harem of Topkapi Palace and about thosa treacherously naoghty old black eunuchs who had received, I calculated, something approaching what they deserved.

Unless you are rich enough to afford your own car and guide, you have only two choices when it comes to set-piece sights: group excursions booked through agent or hotel, or clawing round the circuit on yoor own. I don't reject group trips out of hand. They have suspiciously catchy titles — "Byzantine Highligbts" (£14.50), or "Bosporus by Night" (£9, drinks not included) — but they are often efficient and can be fun.

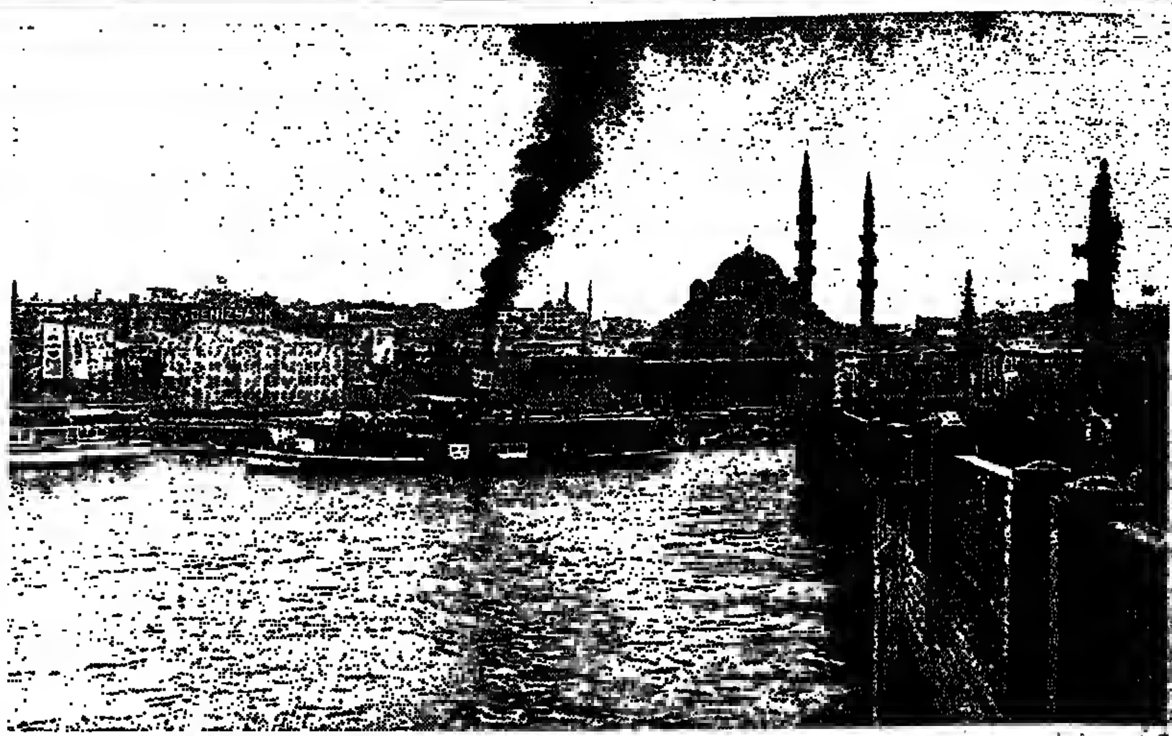
I clawed round on my own, and was not at all disappointed by any of Istanbul's set pieces: Topkapi, the Blue Mosque, the *other* mosques, St Sophia's, the grand bazaar, and so on.

But my timing was poor. I reached Topkapi Palace, for instance, at Sunday noon, and was at once sucked into a mass of humanity, elbowing, pushing, sweating and blinding. The Topkapi treasury, I believe, gleams with fabulous things — oot least, says a guidebook, with "the dagger rendered famous by the film, *Topkapi*. The handle contains three huge emeralds winking green fire, with a fourth on top serving as cover to a watch embedded in the hilt." But it was impossible to breach the treasury; the crowds were far too great. Anyway, emeralds are often disappointing; in fact they try my patience.

Away from the crush I wandered Into the Mosque of Suleiman the Magnificent, a monument, indeed, to two men of genius: to Suleiman, the fourth sultan to rule in Istanbul, and to Sinan, his chief architect. Legend says that jewels from Persia were mixed into the cement with which the mosque was constructed.

In Suleiman's tomb I was accosted by an official, who gave me 50 seconds' worth of dotty commentary. Then ha said: "Make a contribution, please." I gave him the equivalent of 25p. "Make it £5," he said. "What you give me is not a lot. Make it £3. Make it £2. Life is expensive. Give me £2. Make it £1."

On the streets you are badgered continuously — socks, shirts, watches, postcards. Eventually you bny something from nervous exhaustion. As for the bazaar, I was told by a guide not to haggle. Not that I would, I loathe shops and bazaars. But I pass on his advice. "Don't bargain," he said. "They almost never cut their prices. We have so much inflation that tomorrow, things are always more expensive." I am not sure I believe him.



Different culture, different lifestyle; on the Golden Horn, Istanbul

I must have been harried by 200 sock sellers, and by an similar number of sellers of sboes. I studied one pile of shoes, which looked virtually worthless. I felt sad that a man had to sit on the pavement selling such shoes. But round the corner, out of the wind, I passed a man who had bought a pair and was trying them on. By the anguish on his face they had cost a large fraction of whatever pittance he earns in a month.

The most surprising thing I read while wandering round Istanbul was the repeated claim that Turkish cuisine is "ranked by gastronomes as one of the best in the world — third after French and Chinese." This startles me. I *won't* say that Turkish food strikes me as cheerful but severely limited, because I don't want any of those foodies hurtling in from the street, whooshing up in the lift and throttling me at my keyboard, which is now back to normal. But after three days and nights of wedding soup, rice, lamb and lady's navel (a fried dessert, said to be a delicacy) I could see why those naughty eunuchs got up to such tricks.

■Travelscene offers three or seven nights in Istanbul, from £279 to £368 per person, staying at the Hotel Pera Palace, the Ramada, or the Hilton. The price includes return British Airways scheduled flights from Heathrow and continental breakfast. Travelscene is at 11 St Anne's Road, Harrow, Middlesex, HA1 1AS. Tel 01-427-4445.

SNAPSHOT

Where the quiet people go

ALONGSIDE THE familiar Switzerland of ski-lifts, holiday chalets, mountaineering, Alpine summers and expensive grand hotels there is another one, largely unvisited except by the Swiss themselves. Here the traveller who dislikes being packaged may spend a peaceful, comfortable holiday for surprisingly little. The exchange rate remains daunting but stable prices and the long experience of the Swiss in looking after visitors means, on this as on more luxurious levels, value for money.

It will help if you consult a travel agent who knows the country, and if you do some homework before leaving. The incurious and unenterprising may otherwise be tempted to complain that there is nothing to see, which isn't true.

A good example of something worth seeing is the Walensee beyond the eastern end of Lake Zürich, on the road and railway to Sargans, Buchs and Liechtenstein. Although the Walensee is both spectacular and accessible, nobody who is anybody seems to stop there - a fine recommendation for a quiet holiday, you may think.

The mountains on the north side of the lake, which is only a few miles long, rise spectacularly from the blue-green waters to the serrated peaks of the Churfirsten. From road and railway the view is interrupted by rock tunnels - you can see more from the motor launches.

Walenstadt lies a short distance from the shore. Weesen, at the Zurich end, is more interesting: a pretty village by the water's edge consisting largely of hotels, restaurants, and a marina. Among other possibilities you can stay at the pleasant, three-star Parkhotel Schwert, which proudly claims to have housed the composer Liszt when he visited the place in 1835 on his escapade with Marie d'Agoult. Weesen is a good centre for exploring the mountain ranges towards Appenzell and St. Gallen or, to the south, the Glarus Alps.

Those who prefer rolling hills to overhanging mountains should go further north to the shores of Lake Constance, within easy reach of Zürich or Basle airports. At the eastern end the Rhine flows majestically through the historic German city of Constance before swelling again to form the Untersee.

Self-catering was easy, and *take-away civet of hare and* venison with bowls of prepared red cabbage were an autumn bonus. Since British or American tourists not rushing through in coach or car are something of a rarity, it is a help to have some German.

Cultural monuments are scarce on the Swiss side, but elaborately ornamented facades are not confined to the towns already mentioned. Even small places like Steckborn look at first sight like Toytown stage sets, until you notice how real, solid and well-kept everything is. Modern buildings (some of them good), light industry, caravan and camping sites are discreetly tucked away.

The car-less will revel in the excellent Swiss railways but find out first about concessional holiday tickets and RailEurop cards. To those normally condemned to British Rail's Southern Region, trains in Switzerland - with their smoothness, cleanliness, and efficiency are bliss.

The railways run in harness with a useful postal bus network. For car-drivers there is an arrangement with Hertz by which you can hire a self-drive car through any railway station at 24 hours notice.

Ronald Crichton

• DIVERSIONS •

Photograph: Glyn Genin

On a wing and a prayer

TO CHAT to, Non Morgan seems stable, vivacious – above all, down to earth. Not the wild sort at all. But looks can deceive. She is clearly a zany adventurer, as this picture of Non "wing-walking" a Tiger Moth in preparation for this weekend's Biggin Hill international air fair makes clear.

How does a member of the FT's picture desk – a department famed for sobriety and level-headedness – come to be wing-walking a Tiger Moth, a feat which even she describes as an "act of madness"? It all started last Christmas when she met Simon Ames, chief press officer for the Biggin Hill fair, and "stupidly told him how much I had enjoyed a parachute jump. Several glasses of wine later I had persuaded him to volunteer me for the wing walk that traditionally takes place at Biggin Hill each year – then promptly forgot all about it."

Months rolled by. Then she got a phone call from Simon Ames. The wing walk was all fixed up, and was she under 10 stone? She said she was not, but would go on a diet. "It was a very trying month domestically," recalls Non. "Starvation battling against fear and vice versa."

But the diet worked – she lost about 20 lbs – and last weekend she presented herself at Biggin Hill for a practice walk and photo-call. She donned a ski suit.

"A quarter of an hour after being strapped on and told cheerfully that the only thing that could go wrong was an engine failure, we took off. We climbed over the trees into the clouds ahead. Below me the Kent countryside wove itself into a variety of green and wooded shapes, and a surge of exhileration was only countered by the ferocity of the wind as it battered my head and pinned me to the stand I was strapped to.

"I began to panic when the photographers were nowhere to be seen and the Tiger Moth began to roll slightly. But suddenly the photographers' Cessna was upon us, and I thanked my lucky stars that I am blessed with a good set of teeth, because when I tried to smile the wind attempted to whip them out of my mouth. We dipped and rose and pictures were taken, and I sat back to enjoy what was the experience of a lifetime. I can't wait for tomorrow to re-experience the feelings of last weekend."

Non's wing-walk will be in aid of the Great Ormond Street Hospital's Wishing Well appeal, which is seeking to raise £30m by October 1989. If successful, it will attract a further £25m in government support to help carry out a total refurbishment of the hospital.

The air fair runs today and tomorrow. Apart from Non it will feature the Red Arrows and Concorde, a Battle of Britain memorial flight, and a flypast by a Harrier GR5 and Sopwith Pup to commemorate the 70th anniversary of the RAF and the centenary of Tommy Sopwith.

Biggin Hill is easily reached from Junction 4 of the M25, or by rail from Victoria Station to Bromley South for a special shuttle bus.

Michael Thompson-Noel

Children of the barricades

Christian Tyler on the sufferings of young Palestinians

THE DIRT road through Bureij refugee camp is littered with rocks and swarming with children. Black "martyr" banners and illegal Palestinian flags flap from the telephone wires overhead.

Catching sight of our car, one of the UN's Renault 4s, a grubby three-year-old terrorist snatches a pebble from the dust. Before he can throw it, an older boy catches his fist and smacks it. The little one winces, grins and gives us the Victory sign. Sorry, wrong target.

An hour later, the real target arrives. From inside the camp's clinic we hear the warning ululation of young voices, followed by a tense silence as the street empties. We emerge into the sunlight to see a group of about 30 children, smallest at the front, tallest at the rear, hurling stones at the retreating back of an army convoy.

Death, injury, detention and deportation have put thousands of the original leaders of the Palestinian intifada out of action. After six months trying to put down the revolt, the proud Israeli army finds itself fighting a humiliating war against children.

Driving through Gaza City, you can feel the atmosphere crackling as if with the static of an impending thunderstorm. The streets are strewn with scrap metal, rubble and the smoking remains of the previous night's riot. It is the youths and children who are most obvious, hovering near makeshift roadblocks, fidgeting in groups or lurking in the doorways of shuttered shops with a stone in each hand.

These are the everyday combatants of the Palestinian uprising, mimicking the tactics of their elders and paying the same price in death and injury. Some have joined underground organisations, like the "Cubs of the Palestinian People," a group in one district of Gaza City of about 50 children aged 10 to 13. The Cubs have elected their own central committee and secretary-general to organise the writing of leaflets, rock-throwing and wall-daubing.

The loss of their children's *innocence can be seen in the* drawn faces of the parents. One pale young woman said her four-year-old had previously never given a thought to the Israelis. "But now she talks about little else. She's afraid they will attack the house and she sings anti-Israeli songs." A doctor in Bureij camp said: "We see our kids from five upwards being aggressive. We have no control over them. It's the first time I have seen this."

There are glass marbles in the gutter. They come not from the toyshop but from special guns mounted on either side of armoured personnel carriers. Children of all ages appear routinely in the clinics' records of people shot, clubbed, gassed or injured by rubber bullets and the marble-shooters.

About a quarter of the 200 Palestinians killed in the occupied territories since last December were under 15 years old. According to the tally kept by UN and charity organisations, 19 have been shot dead in the street, two beaten to death and 17 – including 14 babies – suffocated by tear gas used indoors. No fewer than 850 children have been wounded.

Even the unborn are dying. Death from tear gas is hard to prove, and the army denies that its soldiers ignore the instructions of the American suppliers – Federal Laboratories of Saltsburg, Pennsylvania, is one – not to use the stuff at close quarters.

But the senior medical officer of the Swedish-funded paediatric clinic outside Beach Camp told us that 35 of his women patients recently miscarried within two and three days of an incident in which three tear gas bombs were fired into the clinic.

The savagery of the treatment meted out to juveniles by a frustrated and ill-disciplined soldiery is the greatest worry of the UN officers responsible for the 445,000 refugees in the Gaza Strip.

Bernard Mills, head of the UN Relief and Works Agency in Gaza, is on the telephone when we arrive, checking a report that nine boys aged nine to 15 were taken the previous night to battalion headquarters, stripped to their underpants and beaten up.

A former British Army officer and merchant banker who has worked with refugees in many Third World conflicts, Mills says he has never in all his experience of war seen such

DESPATCHES
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callousness. "What kind of man is it that can break the limbs of six- and seven-year-olds, even five- and four-year-olds?" he asks.

He says many children under ten have been shot with small-calibre weapons, which are supposed to be in the hands of marksmen or officers. "Is a ten-year-old a leader of a mob? Is he commanding an army of five-year-olds?"

One of his deputies, Pehr Borje Lagerstrom, claims the soldiers are trained to break limbs "in a scientific way": heel bones, especially, take a long time to mend. The army has been issued with reinforced plastic truncheons because the wooden ones kept breaking.

Israeli soldiers are no doubt being taunted beyond endurance by Arab children, and certainly beyond the limits of their shaky discipline. The army's chief education officer, Brig. General Dagan, told an Israeli newspaper recently that he was concerned about their "moral values". Others say they are being brutalised by the lack of a real enemy to fight, or are just brutal. A number of reservists have refused the 60-day call-up to serve in the occupied territories, preferring a spell in jail.

Dusk is approaching and it is time to retrieve our own car from the UN compound and make our escape from the Gaza Strip. Driving back through the empty city – not too fast, but not too slowly either – we pass the cultural centre's rotting hulk and the boarded-up Al Galaa cinema.

At the city's edge a youth shouts from a doorway to friends across the street to let us pass. Further on, another rock-thrower is dancing near a pile of burning tyres in the road. This time there is no grin and no Victory sign. We accelerate round the barricade as a piece of masonry lands with a thump behind the back wheels.

At the border checkpoint, a cheerful soldier inspects our papers and says: "Have a nice day."

I wonder which day he meant.

Motoring

Driving you round the bend

Buyer resistance could slow the march of car electronics says Stuart Marshall

CONVENTIONAL wisdom has it that the car of AD 2000 is going to be so stuffed with electronic marvels that the driver will have little to do but fill the tank with petrol and steer.

But will it? Sensible electronics (such as engine and transmission management systems, traction control and ABS anti-lock brakes) are unquestionably here to stay.

The onboard computer that provides a readout of instant and average fuel consumption, outside temperature, average journey speed and so on, is more than just a gimmick. A simple kind of anti-collision radar could be a life saver on a foggy motorway. The technology for warning drivers over the car radio of hazards ahead is available now.

Voice synthesizers to tell drivers they were running out of fuel, had low oil pressure or had not fastened their seat belt seemed a good idea. They were espoused enthusiastically in the early 1980s by, among others, Austin Rover, Audi and Renault. Alas, the motoring public was more irritated than informed.

Electronic instrument panels, with multi-coloured digital readouts and bar graphs instead of needles moving on dials, have not been a hit, either. There are signs of retreat here by some makers, Jaguar included. Others – Mercedes Benz, Volvo, BMW and Saab – were never persuaded to make the change in the first place.

Resistance from buyers unwilling to pay dearly for a high-technology steam hammer to crack the proverbial nut could limit the onward march of electronics.

In the US, Edward Mertz, Buick's general manager, forecast that in the long term, his company's cars would be getting simpler rather than more complicated. Car makers would, he reckoned, be looking hard at the cost benefits of electronic wizardry.

Of a proposed electronic map system, which directed a driver to any desired location by following a display on the dash, he observed: "It is fascinating, but it boils down to price value and how sophisticated a map you need. If it costs $10 maybe it is a success. But $1,000 to $1,500 is something else. I have an open mind, but I do not know if it is a real plus."

I reckon many car owners who have had trouble with essential electronics, the underbonnet black boxes controlling ignition and transmission, would say amen to that. They are marvellous when they work, which they do for most of the time, maddening (and very costly) when they fail. So who wants them when their function is not strictly necessary and can be performed more cheaply and simply by, for example, a map, pencil and paper?

The RAC put its finger this week on another equipment-related snag. Its emergency patrols are having to rescue increasing numbers of company cars immobilised by flat batteries.

More than 43 per cent of all calls for assistance are the result of electrical problems and a large proportion of those faults are flat batteries. There is nothing wrong with the batteries. They are simply unable to cope with the overload.

As the RAC points out, cars (and especially company cars where the pecking order dictates lots of goodies) have become big consumers of electric current. Power-operated windows and sunroofs, heated windscreens, ghetto-blasting hifi systems and, in a few cases, electronic instrumentation, give both battery and alternator a hard time.

Corroded terminals or a slack alternator drive belt are enough to starve the battery of charge and allow it to be overwhelmed by the car's electrical equipment.

Improvements in charging system technology must provide a long-term solution. For the present, an easy way to reduce the risk of trouble is to spare a thought for the poor old battery now and again. At least, make sure the connections to the terminals are clean and tight and the alternator drive belt is properly tensioned.

Morality v. codswallop

Tom Fort finds fault with anti-angling theories

IF YOU ARE on the point of leaving home, rod in hand, for some well-loved waterside retreat, watch out. The protest movement has you in its sights.

The Campaign for the Abolition of Angling (CAA) has designated today as National Anti-Angling Day. According to its publicity handout, the aim is to "focus attention on the neglected blood sport of angling" by means of a "range of anti-angling activities, including leafletting (sic), holding stalls (?), hiring boats (is that all?), sabotaging angling matches and picketting tackle shops."

Already, I can sense a bristling among members of the fraternity, and not just at the spelling in this document. I hear murmurings about "fanatics" and uncharitable references to "cranks" and "crackpots." The fact that this organisation is allied to the Hunt Saboteurs Association is likely to confirm darker suspicions about its capacity for civilised behaviour.

However, the angler cannot afford simply to dismiss his enemies as lunatics and hope to go quietly about his sport. Those who would separate him from the object of his passion may not succeed, but neither will they go away. Fishermen are shy of engaging in moral debate, but this is an argument which must be joined.

The problem is that, by the standards of the CAA, I can offer no defence. If I am honest with myself, I must admit that fishing is cruel; however, the cruelty does not trouble me enough to convince me I should stop. In the eyes of my opponents, I am a barbarian.

In fact, they call us "angling sadists." To avoid disappointing anyone, I should point out that this is a little wide of the mark. Fish do not scream, they hardly bleed, and they don't even blink. All they do is to wriggle clammily. Any self-respecting sadist would have to be desperate indeed to give them a second thought.

Some fishermen attempt to maintain that their sport is hardly cruel at all. The essence of their case – which I find wholly unconvincing – is that fish do not feel pain. They will wave around diagrams purporting to illustrate the piscine nervous system, and tell you that a hook can be driven into the mouth and the fish dragged around at the end of your line without the creature feeling anything more than mild discomfort.

I accept that, in the limited way dictated by limited awareness, the fish experiences pain and terror in the ordeal of being caught. The only way to avoid that would be to give up fishing, which I will not do. At the same time, though, I feel under the strongest obligation to minimise that pain and terror.

This means that if I wish to eat the fish, I must net it and whack it on the head as quickly as possible. If I wish to return it alive I must treat it with as much care as possible to give it the greatest possible chance of continued life.

I would say that anglers are much better at this than they were. The distressing spectacle of the keepnet stuffed with feeble, injured fish is relatively rare. However, there is always more to be done. Yet more tenderness must be shown. Acts of unthinking brutality must be stamped on.

In particular, anglers must be more mindful of the horrors that lurk in their tackle. Lead weights have been banned but hooks and line still hang from trees and are left abandoned by watersides, ready to inflict hideous suffering on birds and other creatures. Such callousness is horribly wrong.

The CAA makes much in its handout about incidents of suffering. It finds them terrible. So do I. But since the incidental harm done by anglers forms an important part of its case, so must the incidental good done by anglers form part of mine.

The health of our rivers depends on fishermen. Left to farmers, industry, the government and the water authorities, they would be lost. Nor, I suggest, would the CAA have much energy to spare for such an unspectacular cause.

Anglers fight to protect their lakes and rivers from the polluters because they care about them. The reason they care about them is that they fish. Take away the fishing and you take away the care. That gone, we will have a land of open sewers. And where will that leave the fish?

It might be an idea to marshal the pro-angling arguments in case you find a protesting brick lobbed into your chosen fishing spot or the abolitionist boot pressing against the small of your back. But your deployment of sweet reason may fail to win the day, in which case you could resort to a slap in the face with a wet fish.

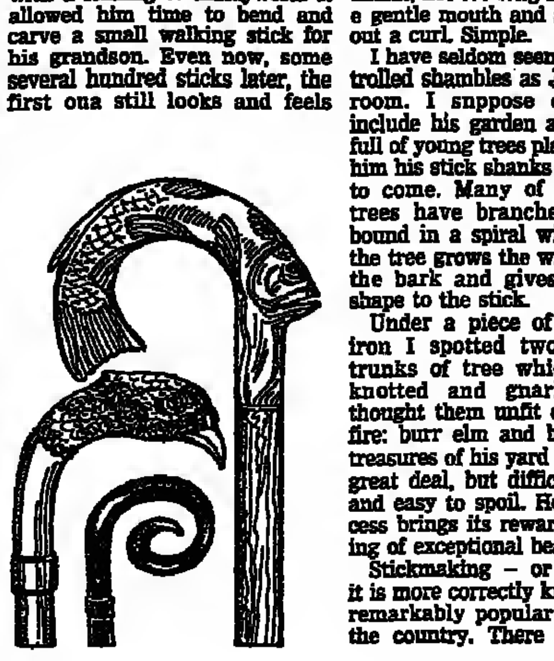
Country Notes

Lean on me

I KNOW few people in the country who would ever walk beyond their gate without a stick of some sort and I certainly know of no shepherd who is ever without a crook, be it leg or neck. In the town it is not the same: a walking stick or cane seems fine as an accessory or as an aid to walking but there is not much scope for a jolly good lean or poke at a hedgerow.

When I retired to farm sheep I already had a selection of crooks; one bought from an expensive shop in London and made out of ash, another from chestnut, and a hefty piece of ash that I found in Lincolnshire. My sticks tend to have a short but full life, either because they break in the handling pens, caught between a large ewe and post, or because they are left hanging in apple trees.

My best crook was a present from a shepherd friend in the village. Geoff has been my mentor since I took up with sheep. He brought it round one day, gave it to me with no fuss, as is the way in the country, and left me to get used to it on my own. I value highly a gift that has taken time and skill to make; it seems to me that is what a real gift is all about. It is not a large stick – delicate with a curved horn handle the colour of butter, the shank is hazel and slim. It is more of a market stick than a crook. The trouble is that it fits my wife too well.

When we changed our lives I felt that our new life demanded a marker, something permanent that could be passed on. By chance I heard of a craftsman in the neighbouring village who was by reputation something of a stick dresser. John Pullen made his first stick some three years ago while manning a level crossing: a good occupation for a man with a leaning to handywork. It allowed him time to bend and carve a small walking stick for his grandson. Even now, some several hundred sticks later, the first one still looks and feels good. There is something in the balance of a good stick that makes it a welcome companion; there are no half measures – it is either right or wrong. John's sticks are right.

What I had in mind was a medium-sized crook, light in the shank, not too long in the crown, a gentle mouth and a nose without a curl. Simple.

I have seldom seen such a controlled shambles as John's workroom. I suppose one should include his garden as well. It is full of young trees planted to give him his stick shanks in the years to come. Many of his mature trees have branches carefully bound in a spiral with wire. As the tree grows the wire cuts into the bark and gives an ornate shape to the stick.

Under a piece of corrugated iron I spotted two enormous trunks of tree which were so knotted and gnarled that I thought them unfit even for the fire: burr elm and burr walnut, treasures of his yard and worth a great deal, but difficult to work and easy to spoil. However, success brings its reward in a carving of exceptional beauty.

Stickmaking – or dressing as it is more correctly known – is a remarkably popular pastime in the country. There are a wide variety of courses on basic stickmaking and wood handle carving which open up a world of woods, horns, cutting, steam bending, carving and sanding, jointing, matching, ferrules and so on.

I placed my order and John promised to have the crook ready on time, not just one but a few from which to make the final selection. This was, after all, to be an especially important present – for my wife.

At the due time I went to collect the new companion. How to select one from three? It was like choosing a puppy from a litter: there is always one that you know is right for you but at the same time how on earth can you leave the others behind? With great resolve I made the selection, an absolute gem. The gift duly presented, I bathed in the warmth of my own generosity and thoughtfulness.

Our walks were now an even greater pleasure. The dogs enjoyed the clack of the sticks on the track and there was some decent leaning and poking of hedgerows. But after a few weeks I noticed my wife slipping back to Geoff's stick. Nothing was said by either of us. It just happened.

I felt sorry for the new crook, so one afternoon I took it, leaving behind my large, heavy working crook. I gripped my new companion. It was stout in the shaft and the crown seemed to nest comfortably in my hand. Somehow it was just right for me to lean on.

Bobby Robson

DIVERSIONS

Why entertaining is big business

Antony Thorncroft discovers that the name of the game is selling

I WAS HAVING a word with the Prince of Wales the other Sunday. He had spent the afternoon playing polo. I had been employed more passively in sampling Louis XIII cognac which its maker, Remy Martin, boasts cheerfully is the most expensive in the world, retailing at more than £400 a bottle. The prince could not stop. He had to move on to Tony Derry of Whitbread, and to Roger Waters, former member of pop group Pink Floyd.

On the surface, this was just another pleasant afternoon at Smith's Lawn in Windsor Great Park. But you did not have to dig at all deeply to realise that it was really business entertaining on the grand scale. Remy sponsors polo throughout the world: it is the ideal up-market game for its up-market products.

Polo gives the company the chance to make relaxed personal contact with Derry, a big trade buyer, and with Waters, an enthusiastic private consumer. Getting Prince Charles to pop into the marquee for a chat was the dream topping, secured by a £25,000 cheque for one of his nominated charities, St Mary's Church, at Illingworth in Yorkshire.

Business entertaining is now a £500m-a-year industry in the UK, and one which reaches its apogee in June. This week, it has been Ascot; next week, Wimbledon starts; then there is Henley, and so the carousel spins. In terms of money, Wimbledon is still the key event, with companies splurging almost £8m on softening-up around 40,000 business clients, a sixth of the total attendance.

Keith Prowse, the leading force in the field, has seen its turnover rise by more than 50 per cent in the past year as companies clamber on the bandwagon. Although it looks sybaritic and sinful to spend a working day exchanging business cards with possible future contacts in a bucolic or sporty setting (the main tangible benefit from most events), it really is quite cheap – averaging around £140 a head a day – and can be claimed against tax. Lunch in a London restaurant can be almost as much. Compared with advertising costs, it is a trifling promotional expense.

A recent fiasco at Twickenham, when a business entertainment company failed to deliver tickets for a rugby international, has galvanised the business, leading to the formation of a trade association and bringing more work for the likes of Keith Prowse, which is signing up deals with the organisers of major sporting events.

Last year, it offered Cowes for the first time; this year, it has got an exclusive entree to Lord's and has just captured the Farnborough Air Show. Suddenly, reliability seems more important than glamour.

Ennui soon sets in, though. In the past few years, companies have been seeking to entertain their guests in a way that will be that bit more memorable. This year, clay pigeon-shooting is all the rage, and mansions like Castle Ashby in Northamptonshire echo to the thud of blanks.

This is part of a swing towards participatory events: it sometimes seems that the cream of British corporate life is spending its time racing dune buggies or mini hovercraft or power gliding – at someone else's expense. But then the wives start to complain. So, the hunt is on for new entertainment opportunities, especially those in the evening (which mean no embarrassing absences from the office) and which can include the partner.

Hence the grand opera *Aida*, with its cast of more than 600, which bursts out at Earl's Court in west London on June 26 for seven nights. Crucial to the planning and financing of this extravaganza – which has occupied the combined talents of Mark McCormack's IMG, Victor Hochauser and Harvey Goldsmith – has been corporate entertainment.

There is a great shortage of top-flight opera in London – at least from the entertainment angle. Until recently, Covent Garden did not have the facilities to wine and dine as well as sing. Yet opera is one of the few social opportunities likely to lure chief executives away from their desks. It pleases their companions and, of key importance, the guests cannot wander off on their own for hours as they can at Wimbledon or the races. You have them locked in beside you.

Inside Earl's Court an Aida Hospitality Village has been erected, which will entertain 500 corporate guests a night with champagne, dinner, ticket and a tape recording of the opera, at £125 a head. Most of the tickets have been sold and the organisers are looking desperately for a similar occasion for 1989.

Glyndebourne, in East Sussex, remains the ultimate entertainment experience, though its administrator, Sir George Christie, keeps the corporate presence firmly in its place. Even the essential sponsors of new opera productions are limited severely in the number of seats they can buy, which has stimulated a rash of competitors.

Aldeburgh, in Suffolk, is a long-established rival but has not quite overcome its accessibility problem. Much more aggressive has been the seizure by catering firm Kennedy Brooks of the Henley Arts Festival, which is aimed directly at companies and inherits the tents and facilities of the famous Thames rowing regatta. It offers popular classical music in an ideal setting. In addition, plans are afoot for a new Glyndebourne to arise at Compton Verney in the Midlands.

If opera remains the unreachable peak, London's West End theatres are embracing business patronage gratefully. In the near future, 23 will offer entertainment facilities in their VIP rooms (or even, where available, the Royal retiring room) to save guests the discomfort of the interval fight at the bar.

Whether all this spending achieves anything is doubtful. Some of the most courted figures in British industry – like the buying director of Sainsbury's, the supermarket giant – refuse all invitations. In most cases, the main practitioners – advertising agencies, PR firms, merchant banks, Japanese manufacturers and others such as printers and solicitors who supply services that are far from exclusive – are simply keeping existing clients happy rather than hoping to capture new ones.

However, there are well-attested success stories of initial contacts being made on these away days, and here again the arts perform well. The double dealing in the Young & Rubicam raid on the disaffected employees of J. Walter Thompson, the advertising group taken over by Englishman Martin Sorrell, took place against the mellifluous sounds of an Itzhak Perlman violin concert in New York.

To a great extent, the sky is the limit in business entertaining – often literally: hiring Concorde to get to a Broadway show is not unknown. One party of advertising executives was deposited near the North Pole by IPC Women's Magazines in an attempt to wean them from spending advertising money on television.

On ground level, the more costly events tend to involve motor racing, with the British Grand Prix rising to £185 a head. Much more expensive than this are events where the executives are allowed to drive grand prix cars.

Until the government pulls the plug on the tax advantages, the industry will keep growing because it gives pleasure to thousands who are accustomed to pleasing themselves and because any results are nicely unquantifiable. Next February 28 at Olympia, in west London, it actually gets the accolade of its own exhibition.

There, buyers will be able to choose from such physical activities as battle and period enactments (to enthuse or calm down their younger salesmen), stock car racing, hot air ballooning and the like, to sedate diners at stately homes or (rarest of rare) the hospitality suite at *Phantom of the Opera* – in fact, anything that the organisers can dream up to tempt companies into believing that this is a painless way to keep and gain business.

Racegoers at Royal Ascot . . . part of a £500m industry

Book fairs/William St Clair

Texts for all tastes

TODAY SEES the start of a busy week for book collectors when dealers from all over the country, and many from abroad, converge on London for a series of book fairs which stretch over six days. A total of more than 200,000 volumes will be for sale, ranging from less than £5 to £90,000.

In general, the week sees a progression up the price range. The Bonnington fair today, at the Bonnington Hotel in Southampton Row, near the British Museum, sells mainly modern books of mixed quality, but you never know your luck and I have been pleasantly surprised. The National, opening tomorrow and named after its venue at the Royal National Hotel in Woburn Place, is bigger and more varied, with plenty of antiquarian books among the second-hand.

More truly national is the London PBFA fair which starts the following day at the Russell Hotel in Russell Square. This is probably the world's biggest, the equivalent for old books of the Frankfurt fair which deals with new publications only. This year, more than 200 dealers from all over the country have brought selections of their stock to display on two floors of the hotel.

The catalogue, which is free, includes a list of the specialities of each dealer. If your interest is flower or bird books, fine arts, children's literature, the history of the steam engine, or something more wide or narrow, you can plan your visit and make contacts for the future. This fair also provides an on-the-spot parcelling and postal service for visitors from abroad, collecting purchases from all the hotels throughout the week.

The June International, which also opens on Monday at the Cafe Royale in Regent Street, is the showcase of dealers in more expensive books, with few to be found at less than £50. Some of the dealers exhibit at the monthly Marlborough Crest fairs but the majority come only to London for the June fair. Among the items this year is a complete run of the *Illustrated London News*, from first publication to 1923, at £10,000 for 162 volumes.

The most expensive books are to be seen at the ABA Antiquarian Book Fair at the Park Lane Hotel (which, incidentally, is not in Park Lane but around the corner in Piccadilly, opposite Green Park). Entrance is by catalogue which costs £5 and includes a description of a selection of the books on sale.

The opening speech will be delivered at noon on Tuesday by television film buff Barry Norman. He confesses, in his foreword, to the embarrassment of his hosts, that he likes well-thumbed, tea-stained books with the previous owner's remarks scribbled in the margins.

As at past fairs, there is a wide choice of magnificent colour plate books which seldom lose their appeal or their monetary value. This year, there is also an abundance of presentation and association copies such as General Allenby's copy of the subscribers' edition of *Seven Pillars of Wisdom*, initialled by T.E. Lawrence (Sotheran, £23,000); *Ryme and Reason*, inscribed by Lewis Carroll (Hollet, £7.50); and *The Autocrat of the Breakfast Table*, much annotated by Mark Twain although without thumb marks and tea stains (Rulon Miller, $15,000).

Like Churchill's pudding, there is no theme. For £12,500 you can have an autograph letter from Machiavelli to his nephew, routine pieties from a busy man with apologies for not having written earlier (Rendell); for £1,860, a set of 14 first editions of the James Bond books (Bayntum).

Cook's books of Rottingdean offer a selection of writings on eating and drinking, including an early Mrs Beeton. I wonder if it really does say: "First catch your hare."

Not quite everything is for sale. To commemorate the 100th anniversary of the birth of T.S. Eliot, the fair includes a small loan exhibition. Mrs Eliot, whose edition of her husband's letters is due out later in the year, has contributed a number of rare books and also promises us a surprise, to be announced when the fair opens. One rumour is that she will be allowing Eliot's youthful exercise books to be seen for the first time.

You can also admire the variance of *The Wasteland*, including a copy of *Criterion* in which the poem first appeared in 1922; and the dust wrapper which Eliot himself designed for Faber & Faber to illustrate *Old Possum's Book of Cats*. Who says that good literature does not make money?

WHEN TO GO

Bonnington: Saturday, June 18, 11am-7pm, entrance free.

National: Sunday, June 19 (11-7); Monday, Tuesday (10-7), entrance free.

PBFA: Monday, June 20 (12-7); Tuesday, Wednesday (10.30-7), entrance free.

June International: Monday, June 20 (4-8pm), entrance £5; Tuesday (10-8), Wednesday (10-5), entrance £1.

ABA Antiquarian: Tuesday, June 21, Wednesday (11-8); Thursday (11-6); entrance £5 all days.

An illustration from Thomas Rowlandson's "Country Characters" (1800), on sale for £2,750 from Beeleigh Abbey Books at the ABA Fair which opens on Tuesday

Collecting/Janet Marsh

Spotlight on a master

SOTHEBY'S in London will score a notable hat-trick in its sale of illuminated manuscripts on Tuesday: the coincidence of no fewer than three important works by one of the last great masters of illumination, Simon Bening.

Bening was born in 1483, when printing was well established in Europe and the art of manuscript illumination already in decline. His native Netherlands, however, was one of its last strongholds, thanks to the wealth and patronage of the Burgundian court.

Unlike the anonymous scribes of the medieval monasteries who preceded him, Bening came from a prominent family of painters and was as famous for the high prices he commanded from his patrons as for his skill.

The Sotheby sale includes the earliest dated work by Bening, a superb little prayer book executed in 1511, possibly for a Nuremberg merchant. It contains 11 full-page miniatures, all but one by Bening himself. A remarkably pretty object, the pages are as bright as when they were painted and the original red velvet binding and silver clasp are intact. (Estimate: £150,000-£200,000.)

A more spectacular Bening manuscript, the superb Book of Hours made for Cardinal Albrecht of Brandenberg in 1522-23, is also as fresh as the day it was made. The borders are decorated with botanical illustrations and scenes from daily life, and the realistic and sentimental style of Bening's portraits of saints gives them almost a Victorian look.

By a remarkable coincidence, a single Bening miniature, which turned up recently in Yorkshire, proves to have come originally from Albrecht's Book of Hours. Depicting the Circumcision, it is one of a whole series of pages which once belonged to the Marquis of Londonderry, and which were dispersed in 1929.

Comparing the two manuscripts, Sotheby's expert, Dr Christopher de Hamel, has now established definitively that these miniatures were once bound into the Book of Hours. The single vellum leaf is estimated at £20,000-£30,000.

Albrecht's Book of Hours, which is itself likely to realise more than £1m, is one of 20 illuminated manuscripts that are the final residue of the collection of William Waldorf Astor. He was one of the earliest of many American millionaires to amass such monuments of old European culture, and was perhaps the Victorian equivalent of great and powerful medieval patrons like Albrecht of Brandenberg himself.

Disappointed in his political ambitions in America, Astor settled in England late last century and bought Cliveden and Hever Castle. Naturalised in 1899, he was created Baron Astor in 1916, and Viscount in 1917.

Astor seems to have acquired his taste for illuminated manuscripts while he was American ambassador in Rome in 1882-85. His finest Italian manuscripts, however, were bought at auction in America on his return and other treasures, including Albrecht's Book of Hours, were bought from London dealers.

Another major Astor manuscript, a missal illuminated ebulliently in Bologna at the beginning of the 15th century, bears eloquent witness to the turbulent politics of the Roman Church at the time of the great schism of 1378-1430 when there were at times as many as three rival claimants to the title of Saint Peter's representative on earth.

Astor's missal was made originally for the Archbishop of Ravenna, a nephew of the Pope of Rome, Innocent VII. It then passed to the so-called John XXIII, the Anti-Pope set up in opposition to the rival popes of Rome and Avignon.

Pope John, born Baldassare Cossa, seems to have been a singularly unspiritual figure. He was said to have been a mercenary, pirate and libertine before entering the papal service and becoming a cardinal in 1492. His reign lasted for three years, from 1410 to 1413, after which he was imprisoned in Germany. The validity of his papal title was not, however, disproved until 1958 when Cardinal Roncalli took over the title of Pope John XXIII.

Tangible evidence of the missal's shifting ownership is shown in miniatures where the cardinal's arms have been overpainted with those of the Anti-Pope; and his hat has been transformed into the papal tiara. (Estimate: £250,000-£350,000.)

Wine/Edmund Penning-Rowsell

Trentino's ancient tradition

ALTHOUGH THE UK is the second largest importer of Trentino wines, they are not to be found on many lists and their range is probably less known in Britain than wines of any other Italian province north of the Mezzogiorno, save that of the Aosta Valley.

Total output averages only 900,000 hl (1.4 per cent of Italian production), and of the third that is exported 60 per cent goes to Germany and another 5 per cent to Austria and Switzerland. Although the red Lago di Caldaro is mostly made in the Alto-Adige, 25 per cent comes from 11 Trentino villages entitled to make this wine.

There is an ancient tradition of wine-making in the Adige Valley. Its red wines sustained the prelates in their deliberations at the Council of Trent from 1545 to 1563, and it was a Trentino wine, Marzemino, that Mozart or his librettist, da Ponte, chose for Don Giovanni's last drink on earth.

Trentino wines have no pretensions to grandeur, although they have no fewer than 23 *Denominazioni di Origine Controllata* appellations. Three-quarters of the production is in the hands of 19 co-operatives scattered throughout the 100km of vineyards extending from north to south.

Seventeen of these are associated with Cavit, a large marketing union that sells the wine of 5,000 small growers. Two important independent co-ops are Aldeno and Mezzocorona, the latter in the Rotaliano plain near the invisible border with Alto Adige. The merchants have a fifth of the market, and the independents only 6 per cent but they make the most interesting wines, are particularly concerned with experimentation, and their cellars are most likely to contain the small French oak barriques increasingly imported from the leading cooperages in Burgundy and Cognac.

The Trentini drink their wines young – from the February after the vintage onwards. Attractive though these fresh young wines may be for holiday drinking, the British may prefer a little more bottle age.

Rather more than two-thirds of Trentino wines are red; the leading one is Teroldego, with the best coming from the Rotaliano plain protected by the mountains from the northern winds.

Produced from no more than 500 ha, Teroldego is a meaty wine with plenty of colour and flavour. Although mostly drunk within two or three years, it can keep and improve with age.

At the Foradori estate I drank a '66 that had maintained its colour, lacked much bouquet, but was still fruity. Adnams of Southwold lists the '83 from the excellent Conti Martini vineyard at £5.52, and Sainsbury's the '86 at £2.39 and Waitrose '86 at £2.89.

To my mind, however, the most attractive Trentino red is the Marzemino, grown in the lower Vallagarina, so called because of its small lakes until the Austrians canalised the Adige in the 1830s.

Produced round Isera and Rovereto, it is a light-coloured wine with a fresh, lively nose somewhat reminiscent of Beaujolais, with good acidity and a soft, easy-to-drink flavour. The best I tasted on the spot was Letrari's '87; another good one was Simoncelli '87. At a recent London tasting the I Vini del Concilio's '87 stood out.

The Pinot Nero, the Merlot and the Cabernet (both Sauvignon and Franc, generally blended together) are all produced, but the most distinctive is the Cabernet, introduced to the Trentino as long ago as the beginning of the century. When given a little bottle-age this has a real "claret" nose. At the London tasting Letrari's '84 was a wine of real character.

The most planted grape is the Schiava, the basis of the two DOCs, Casteller and Caldaro. It is grown in the lovely Valdi Cembre, near the top of the province, where it is planted in vineyards as precipitous as those on the Moselle at 850 metres (2,790 ft) above sea level.

The most prolific of the nine white grape varieties produced in any quantity is the Chardonnay. Part is bottled for local sale, part exported to the Veneto, and a large amount is employed for the champagne-method sparkling wine that is a Trentino speciality.

The leading firm is Ferrari. Its founder, Luigi Ferrari, brought back the Chardonnay from Champagne, where he worked after the First World War. Sales have grown annually from 1.2m bottles 10 years ago to 2m today, and the firm aims for 3.2m bottles by 1993.

When a bottle of the prestige Giulio Ferrari '80 was opened for me, to my surprise it was decanted; it was said that it needed some oxygenation.

Ferrari sparklers are to be found in Italian restaurants in Britain, and, of course, are much cheaper than champagne. The firm's rival for quality is Equipe 5, so-called because it was started by five growers including Letrari. It sells about 220,000 bottles a year.

For me the Chardonnays are the Trentino whites with the most character, particularly for blends given some oak maturation, but the more typical wines are the Pinot Grigio and Pinot Bianco: firmer, drier, crisper. There is a good deal of Müller-Thurgau grown high on the mountain sides. One of the best is made by the young firm of Pojer & Sandri, whose "portfolio" of wines is the most interesting in the province.

Pojer & Sandri also produce Trentino's sole indigenous white wine: Nosiola, which is very light yet with a strong bouquet. It shows its best as 70 per cent of a blend in the white Sorni DOC; the other 30 per cent is probably Pinot Bianco.

Also made from Nosiola is Trentino's other speciality: Vino Santo, a deep-coloured wine whose grapes are allowed to dry out before being fermented at Easter and then matured in cask for several years. In Tuscany this is known as Vin Santo, and may well be dry, but the Trentino variety is lusciously sweet. It is made by only five firms in the Sarca Valley to the north of Lake Garda; the one I enjoyed most was the '79 of the Toblino co-op near Riva del Garda.

Much Trentino wine sold here is listed as plain Italian red and white, which Marks & Spencer lists at £2.85 a litre. As a comprehensive tasting in London of Trentino wines demonstrated, efforts are being made to widen their range and distinction.

A modern look for perfect presents from the past

Lucia van der Post

HOW TO SPEND IT

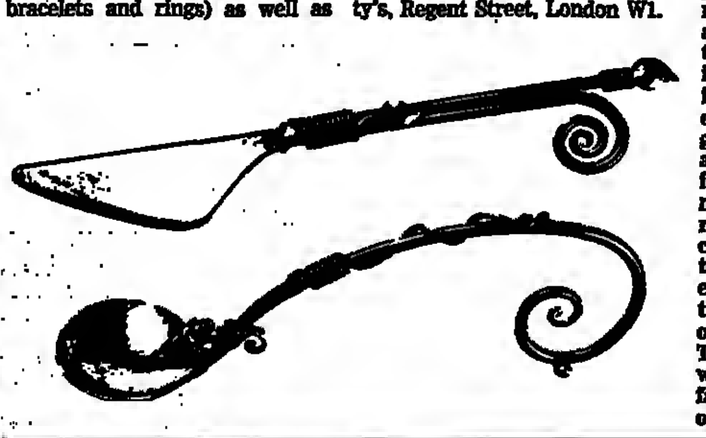
James Ferguson

From gadgets to gifts

ANYBODY looking for a special present, for an anniversary, a birthday, a christening or a retirement, will find that there are now some richly rewarding modern pieces available.

Fast Forward, of 14a Newburgh Street, Soho, London W1, started off specialising in up-to-the-minute gadgetry. Now its new 261 King's Road, London SW3 branch is selling a collection of distinctive and original accessories as well. Sketched above are some pieces in silver-plate by a disparate collection of designers from Italy, the UK and France. Left is a strong and stylish teapot with some bold decorative engraved work on the silver-plate, 14 cms high, £287.50. At the back is a large Algorithme vase, 35 cms high, with a blue glass insert and highly-decorative silverplate exterior, £389. Right at the back is one of the most elegant hot-plates I've come across — under the lid are two candles — £225.50. The candlestick holder is 28 cms high and costs £60.70, while the elegant salt and pepper holders are £49.90 a set.

Different in mood and feel but still beautiful is the work of Barbara Bertagnolli and Christopher Blum. Working mainly in sterling silver and 24 carat gold, with some oxidised silver and steel, they create sought-after jewellery (brooches, hat pins, earrings, bracelets and rings) as well as some desirable tableware. Photographed here is a butter knife at £210 and a spoon at £120. All the pieces are free-form, made by hand, so no two are identical. They would make splendid special presents at any time. From Cobra & Bellamy, 149 Sloane Street, London SW1 and at the Cobra & Bellamy Shop in Liberty's, Regent Street, London W1.



IN BRIEF

IF YOU'RE anything like me then you have almost a drawerful of (mainly) inexpensive "cheap and cheerful" jewellery that can't be worn because a clasp is broken, a bead is missing, a fitting mislaid or a stone has come loose. So welcome to David Joseph, a jeweller who will repair anything from a precious diamond necklace to a plastic brooch that needs a new clasp in generally between seven and 10 days. He also organises a very efficient mail order service. Send the broken piece with a cheque or postal order for £2.50 plus your name and address. He then contacts you and gives an estimate. If you agree to it, he proceeds. If not he has the £2.50 to cover postage, packing and insurance. He's at 33 Clerkenwell Road, London EC1.

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I have to say that I haven't tried Denise F. Katz's admirable sounding organisation but she sounds like just the person one has often longed for and never knew existed. Moving home? Can't face the packing and the unpacking? Cupboards that need turning out and re-organising and you haven't the time or the energy? Moving office and too busy with work to worry about setting-up efficient systems and all the other details? Denise F. Katz and her team will do it all for you. Contact her at Creative Organizing Service, 48 Abbey House, Abbey Road, London NW8. Tel. 01-289 0957.

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Buyers and Sellers, longtime readers of HTSI may remember, is a marvellously useful shop at 120-122 Ladbroke Grove, London W10 (tel 01-229 1947) which specialises in selling "white goods" at greatly reduced prices. Many of the washing machines, fridges, dishwashers and cookers are reduced because there are simple, almost invisible scratches or other tiny flaws. All are in perfect working order and come with the usual guarantees. Since I last wrote about them they have added a few additional services. You can now discuss dimensions and requirements and organise the complete transaction by telephone. You can also buy with extended credit terms. Finally, there is now a good selection of large American-style fridges. The largest — 23 cu ft — comes with ice-cubes and iced water facilities and costs £1,450 instead of the usual £1,900.

This year's summer sales feature some of the best buys around

Sharp bargains

YOU SEE them on the fashion pages of the glossy magazines — the beanpoles with the long, long legs, the skimpy skirts, the curvy, figure-skimming jackets. You see them in the shops, the racks awash with little bits of cloth that pass for skirts and sharp little jackets. But do you see them on the streets? Is your office filled with lithe beauties strutting about in skirts just on the knee? No, I thought not.

The new short, sharp silhouette might have been embraced by fashion editors, by the dressy set at Ascot and by the *beau monde* for wearing to first nights and gallery openings, and by those whose business it is to show they are ferociously up to the minute. But most of the rest of the country has proved reluctant to give up the effortless comfort and grace of long, floaty dresses and flat pumps.

However, now that the sun is at last coming out and the season is beginning to get under way, there is no doubt that the short, sharp silhouette is the one that looks fresh and right. Long, droopy dresses, no matter how pretty, have a distinct sense of *deja vu* about them.

The good news is that although summer has only just begun, the sales are about to begin. In other words, just when the weather for which the clothes have been designed finally arrives, the shops start cutting the prices. So, if you are beginning to hanker for a new look, for sauntering out in something sharper and fresher, take a look at the sales. You will find some of the best bargains around for years.

At House of Fraser stores there will be sweetly-cut Arabella Pollen jackets and tulip-hem skirts, all very summer of 1988 (jackets down from £359 to £239, skirts from £105 to £159), as well as Anne Klein wide linen pants (another strong look this summer) and linen jackets.

Jaeger, too, says all its branches are good sources for finding an up-to-the-minute look at reduced prices. Take a look at the photograph here — the cream wool skirt (just £39 in the sale) is teamed with a shapely, double-breasted cardigan (£79) in navy or red to give a sharp, metropolitan look.

At Harrods, there are some top designer names much reduced. Look for John Galliano (a cotton shawl-collared dress reduced from £425 to £212), names like Jasper Conran, Tiktiner, Purificacion Garcia, Missoni, Alastair Blair and Betty Jackson, Ginocchetti, Georges Rech, Maxmara and Sportmax.

For those who have always hankered after couture but never felt they could afford it, now is their chance. Hartnell, at 26 Bruton Street, London W1 and Hardy Amies at 14 Savile Row, London W1, are selling garments from the haute couture ranges and the boutiques at something like 50 per cent off.

A permanent source of designer clothes at discount prices is Browns Labels for Less. There, in the sale room on the first floor of 25 South Molton Street, London W1, are big designer names such as Geoffrey Beene, Norma Kemali (THE name in swimweer), Sonia Rykiel, Jil Sander, David Cameron and many others all greatly reduced. On the day it opened, for instance, there was a Geoffrey Beene dress reduced from £1,950 to £100, a Byblos jacket down from £360 to £35, and Norma Kamali swimwear for £10. Stock varies all the time, so you should keep looking if you can.

Buying shoes in the sales is never an agreeable, and seldom a successful, occupation. Better to head for Soled Out at 5 Knights Arcade, London SW1, where designer footwear is on sale permanently. Look for names like Robert Clergerie (for my money, one of the best of the Parisian cobblers), Miss Maud, Charles Jourdan, Yves St Laurent, Rayne, and many others. Shoes aren't dirt cheap but they are all ends of lines and are less expensive than in the usual retail outlets.

Businessmen might like to stock up on their City shirts in the Hilditch & Key sales — Jermyn Street and Beauchamp Place shops start on June 21 while there will be a special City sale of Hilditch & Key shirts at the Great Eastern Hotel for five days from June 27. Look for reductions of up to 40 per cent.

L.v.d.P

Two more children sum up their summer holiday courses

HUGO "NASHER" NATHAN, aged 12, went on a Wildcat Ventures holiday last summer.

"The Wildcat Courier met us at Heathrow and we flew to Inverness. There were 23 of us. At Inverness we were met by Mr Johnson and Mr Riches who drove us to Carrol House in Brora. There we met Miss Butler and spent the rest of the day settling in.

"After a huge breakfast the next morning (there was black pudding and haggis!) we set off for our first activity — a visit to the estate deer farm and a walk around Carrol Rock. It was a long way and we got very tired. On the way down, we played ambush games. After lunch we went panning for gold. I found some real gold! Not much though. Tom pushed me in the river but I got revenge by doing the same to him. Mr Johnson thought it was funny so we tried to push him in, but he ran away — chicken!

"The haggis we made in the evening was revolting, we all had to stick our hands in the goo and stir it round. We drank cocoa and heard stories about the wild haggis before going to bed.

"*Lord Strathnaver* showed us around Dunrobin Castle on Tuesday morning. The haunted room was really cool! I really enjoyed the afternoon. We met Officer Burrows who showed us how to camouflage ourselves and crawl through the heather without being seen. We then had to ambush Mr J and Mr R. I came third and won a Mars Bar. The piping and Scottish dancing in the evening was embarrassing. I had to dance with Moira; she was much smaller than me.

"Wednesday was the Wildcat fishing day. In the morning we tied flies and learnt how to cast. Then we went to Loch Glaik to fish and have a barbecue. I didn't catch anything but Jamie caught three. He didn't want to gut them so I did. I really enjoyed the songs at the end, especially the Zulu song.

"On Thursday we went shooting. I shot three clays with a 20 bore and scored 87 on the roe deer targets. Donald came top with 95. It was cool fun. In the afternoon we went ferretting with Mr Haggerty. Mr J. shot three rabbits. I thought the ferrets were very nice. Mr Haggerty also had a hawk with him.

"We did the orienteering course around Mr Janson's wood. Tom and I got lost and Mr R had to come and find us in the Land Rover. It turned out that we weren't that lost, anyway! The haunted barn was dark and scary, but we found the clue all right. I'm not allowed to say what it was. In the evening I got sick because I ate too much at the Wildcat Burger Bar and got very hot playing indoor hockey.

"On our last day we went grouse shooting with Lord Strathnaver in Mr Janson. Mr Franks brought his three pointers and they found lots of coveys on the hills. We all had a ride in the Argocat at lunch time.

"The review was brilliant fun. We all went to Mr Janson's house and had to do an act. My card trick actually worked for once. Mr J, Mr R and Miss B sang a very funny song about us. Jamie went really red when they sang about him losing his shoe on the night walk. When I saw my Mum at Heathrow I told her I wanted to go on the Wildcat skiing or on the Camping expedition. I hope she lets me."

● The cost per child per course is £249, inclusive of VAT, flights and everything else. Write to: Wildcat Ventures, Sutherland Estates, Golspie, Sutherland KW10 6RR (tel 04083 3268) for details.

ZOE SCIVOLETTO, aged 13, went to Anna Best's Young Cook's Club.

"The cookery course was held in a boarding school in the pretty village of Midhurst. As soon as I arrived I felt very welcome. Anna Best and Peta Brown introduced me to the other people on the course and I saw sat down to tea and home-made biscuits. We were given information about the course and a book of the recipes we would be doing that week.

"Although everything looked a bit strange it was easy to make friends and settle in. The dormitories were plain and simple but comfortable and there was lots to do. As well as the large kitchens there was an outside swimming pool, tennis courts and a good-size field for playing rounders. After settling in we went straight to the kitchens. We were given a few lessons on safety and hygiene in the kitchen. We had to be in bed by 10.30pm because the days started early, but usually there were still midnight feasts going on!

"It all was very friendly and we cooked in groups which changed constantly so everybody could meet everybody else. Although cooking was the main thing there were other things to do. One afternoon there was horse riding and one day we made a lunch for a picnic. There were also games like tennis, swimming and rounders to play and sometimes we went into the village of Midhurst.

"As had to eat everything we cooked it was a good thing we mostly liked the dishes. We learned to make things like smoked haddock gratin and chocolate roulade. There were practical lessons and also demonstrations. Mostly we cooked for between five and six people but we also went behind the scenes at one of the nearby hotels to see how cooks handle hundreds of orders. Wew were led around the kitchen and then given a demonstration of how to gut a salmon.

"At the end of the week we put on a massive spread for the parents. I felt very sad to leave as it had been an enjoyable week. You didn't have to cook with friends since new friends were easily made. As I've said before, the course was fun and everyone very friendly, but I hope there is a better balance of boys next time because there were only two last year. I felt I learned a great deal from the course and would certainly recommend it to anyone."

Mrs Scivoletto adds: "Zoe had always wanted to go to boarding school and always loved cooking so the course seemed to offer a combination of both. She cooks quite often for us now — she makes chocolate roulade for my dinner parties and can cook things like Coronation Chicken and do some Chinese cookery."

● This year The Young Cooks Club of Great Britain, 2 Terminus Road, Chichester, West Sussex PO19 2DR (Tel 0243 779239) is holding two cooking courses — the week beginning Monday August 8 and the week beginning Monday August 15. Price, £185 inclusive of tuition and keep.

Peter Fort tries the seafood but misses the puddings at Sweetings

A legend in its own lunchtime

WE HEAR a great deal these days about the abstemious quality of City lunches. "I say, old boy," says your hardened luncher, reduced to a thread by the new regime, "things aren't what they used to be. Gosh, I can remember the days when. . ." but that was before the dark forces of Black Monday, American management practices and Edwina Currie wrought havoc with digestive tracts the length and breadth of the Square Mile — or so we are led to believe.

And yet, there I was, with 80 or so other people in pinstriped suits jostling for a couple of seats at Sweetings on the corner of Queen Victoria Street and Queen Street at 12.15 of a weekday, ducking out of the way of passing crab salads, trying to register my presence with one of the amiable ladies or gentlemen who control access to the counters or the back room, and generally cursing my fellow man for his greed.

Sweetings is as idiosyncratically English as the brasserie Flo, for example, is French; and that is not as bad as it sounds. You can't book at Sweetings. You get a place at one of the four eating counters, or at the communal tables in the back room, by persistence, ruthlessness or persuasion. The ladies and gentlemen — to call them waiters and waitresses would be to underplay the true extent of their power — are familiar, dictatorial and highly proficient at managing the bustle.

It is probably possible to get a seat in less than the 20 minutes it took us, but my face was not sufficiently familiar to pull rank, nor did I have the effrontery to assert myself more vigorously, nor would I stoop to bribery. Still, we made it in the end, clutching a bottle of the house Muscadet, a very passable example of the breed.

Food for Thought

I have been eating at Sweetings off and on for 20 years, although not sufficiently often to become a regular. I like the place. It provides a gastronomic experience of a rare kind. It has a real identity and pedigree. In short, it is the kind of astablishment yon needn't be afraid to take a Frenchman to. It was, therefore, sod's law that the test meal was something of a disaster.

"Sorry, Sir, no lobster left."

"Sorry, Sir, no whitebait."

We made do with anchovies provencal, a poor choice, not a poor dish, and jellied eels, for which I have an unassuageable passion, and turbot grilled and turbot poached.

For those who don't know, you go to Sweetings to eat fish (and possibly puddings; it is one of the last repositories of the spotted dick, baked jam roll and the steamed syrup pudding — with custard, naturally). And the fish comes in solid lumps, there is no messing about. It is very fresh. It is generous. It is not overpriced — the turbot, for example, was £8. And usually it is cooked immaculately.

Need I say that on this occasion it wasn't. My turbot was over-poached, not by much, but enough to render the texture a touch on the woolly side. When I think of all the crisp and tasty grilled herrings (£4) and succulent poached skate (£6) and chunky halibut (£8) I have had over the years, it's enough to make me weep.

Thank heavens that the grilled turbot has been spared this indignity. The hollandaise was made in a way that Escoffier would have recognised, and was none the worse for that. The chips were a delight. Sweetings must be one of the last places where you can get hand-crafted chips. They came on like railway sleepers, about three to the pound, and crisp on the outside, none of your spindly French fries nonsense here. The rest of the vegetables had been left untouched by modern culinary theory, much like Sweetings as a whole.

And yet that isn't quite right. Sweetings is a fast food establishment. It is designed for quick turnround. It would be quite possible, with fair luck and a following wind, to be in and out in 20 minutes; less, if all you wanted was a round of sandwiches (the crab are particularly generous), roes on toast and a pint of Arkles best bitter. Even if you had longer, it's not really the place to linger and exchange intimate financial secrets, but it is, quintessentially, a social place.

I suppose it all depends on what you want from lunch. Apart from a few old buffers like myself, most of the world seems to be of the Gordon Gekko mould. Current thinking seems to suggest that business can no longer be conducted under the civilising influence of a four-course lunch. It is conducted at breakfast, presumably on the principle that it is easier to flog someone a crackpot scheme when they are still half asleep and befuddled by orange juice and yoghurt than it is when the brain has been rendered razor sharp by the application of a bottle of Tattinger.

At Sweetings you can combine the best of all worlds, conviviality, frugality, and convenience.

Musing on this and other matters, we demolished a second bottle, this time of truly admirable Sancerre, a snip by current restaurant standards at £11.50, but skipped pudding and savouries on the basis that a little abstinence would be a wondarful thing. I parted with £49.70 and we toddled off into the afternoon. On the way I pressed £5 by way of a tip into the palm of the gentleman who treated us with such brusque charm. Next time I intend to be recognised.

• BOOKS •

DG: THE MEMOIRS OF A BRITISH BROADCASTER
by Alasdair Milne. Hodder & Stoughton. £12.95. 237 pages

Chris Dunkley reviews the memoirs of Alasdair Milne, the director-general who left in a hurry

Gruff and tough times in the BBC's hot seat

THIS IS a sad book. Sympathetic understanding of character never seems to have been one of Alasdair Milne's major concerns, and he appears to have almost as little interest in conveying his own feelings as he had in dwelling upon those of his colleagues. BBC people who complain that his dealings with them were brusque and coolly cerebral will realise, after reading this book, that there was no question of victimisation: he is just as gruff and tough with himself.

There is virtually no self-conscious attempt here to paint in the fine shading of the writer's own character by way of emotional response, personal taste or, indeed, any description of feeling. "I was furious" is, for Milne, an abnormally verbose piece of self-analysis. So, in order to detect the shape of the self-portrait, you have to behave as though looking at an Impressionist painting: narrowing the eyes and forcing the blurred shapes to produce an outline.

Milne could have written either of two types of book: first, an account of his entire broadcasting career. *DG* opens with his wedding to Sheila at Oxford in 1954. When he came down and joined the BBC in the following year the British had just one television channel, and only 5m of them had sets. Thus Milne's career spans all the most important years of British television, encompassing the arrival of ITV, BBC2 and Channel 4 and, latterly, the plans for satellite transmission.

Moreover, he was centrally involved in *Tonight* and *That Was The Week*, two key developments. Given his advance through the hierarchy and his acquaintance with so many of the key characters in the formation of British broadcasting — his friend Donald Baverstock, the acerbic Grace Wyndham Goldie, Huw Wheldon, who inspired such devotion in others, and so on — this could have been a classic anecdotal memoir, full of interest for the general reader.

Alternatively, the book could have offered a detailed analysis and defence of the policies pursued by Milne during the series of rows and upsets (an extraordinary catalogue even by the standards of the perpetually troubled BBC) which occurred while he was in charge, several of them no fault of his own but sheer bad luck.

Many newspaper columns have been filled by *Real Lives*, the trouble over the *Secret Society* programme about the Zircon spy satellite, the outcry over *The Monocled Mutineer*, the protests about Ian Curteis's *The Falklands Play*, Norman Tebbit's attack on the BBC's coverage of the American bombing of Libya, the BBC's "lifting" of TV-am's interview with Princess Michael of Kent, the libel cases over *Maggie's Militant Tendency* and *That's Life*, and the discovery of a retired MI5 officer running a staff vetting operation inside Broadcasting House.

Yet, however much has already appeared in the Press, Milne was uniquely placed to report from the inside on precisely what happened in these matters, and could have produced a book appealing to specialists in broadcasting, politics and public affairs generally.

Instead, for whatever reason (his own change of heart?, a change in the demands of his agent or publisher?), he has taken a stab at each type of book and missed both. The opening third covers the years of *Tonight*, *That Was The Week* and Milne's period in Scotland in anecdotal form, and the rest deals with the recent catalogue of upsets.

The odd thing is that, despite its sketchiness, the account of the early years — when Milne and Baverstock with Cliff Michelmore and Alan Whicker, Fyffe Robertson, Kenneth Allsop and others were inventing the new grammar of television current affairs — is more interesting than the comparatively detailed account of the recent troubles.

The reason is that, in the recent material, Milne reveals precious little that we did not already know.

Often, it seems as though he believes his own case is so obvious that there is no need even to state it, let alone defend it. So, anybody coming fresh to the matter of *The Falklands Play*, for instance, would be baffled after reading Milne's account to know why it was not produced. Having explained at some length the plans for a splendid new BBC HQ on the Langham site opposite Broadcasting House, he tells us in a single paragraph that this scheme was aborted in favour of a new centre at White City.

The only explanation is the statement "Rees-Mogg . . . was turning against the Langham project. If that was the case, other Governors would be likely to follow suit." (Rees-Mogg crops up repeatedly in the Milne saga like the bad fairy at every feast). Similarly, all the detail of the libel cases is ignored so that the reader is left with the single telling fact: that the BBC lost them.

To many working on the lower decks of the BBC who saw him only at large public affairs or briefly at social occasions, Milne seemed like a remote figure with an abrupt manner who was not outstandingly good at expressing himself. This book will do a little, but not very much, to change that. Thanks to his puzzling character in which reticence mixes with aggression, outspokenness with shyness, it is probably safer in the end to judge him not on what he has said but what he has done.

He was one of the chief creators of *Tonight*, brought *TW3* through rough waters, championed *Real Lives* and fought successfully for it to be shown. However he may have dealt with people, and whatever he may say in the book, those are the actions of a man with the instincts of a liberal, popular, non-conformist journalist of remarkable tenacity.

Anthony Curtis on the strange life of the woman who married an Irish literary genius

Mrs Joyce speaking

NORA: A BIOGRAPHY OF NORA JOYCE
by Brenda Maddox. Hamish Hamilton. £16.95. 589 pages

A FURTHER sub-title of Brenda Maddox's book might be "A Portrait of the Artist as an Impossible Husband." You cannot really write a biography of Nora without re-writing the biography of James Joyce from Nora's point of view, and this is what Maddox has done — with both energy and empathy.

Nora Barnacle was barely 20 when she met James Joyce. He was 22. He persuaded her to elope with him to Zurich where he thought — erroneously — that a job was waiting for him. She was a baker's daughter from Galway who had escaped from her family to find employment as a maid-of-all-work at Finn's Hotel in Dublin. Maddox confesses that "little is known of how Nora passed the years between leaving school and leaving Galway."

When Joyce died in January 1941 in Zurich, where they had gone from France after the German occupation, Nora was 56. They had two children: Giorgio, in Switzerland with his mother (a man in his 30s, separated from his American wife, with a son of his own to look after); and Lucia, who was a mental patient at a clinic in Britanny and remained there until hostilities ceased. Nora became resident in Zurich for the rest of her life, bearing her widowhood with typical fortitude and coping with all the Joyce scholars who came to see her after the war. She died in 1951.

In between these two periods, Nora's life was all Joyce. She not only shared the writing of some of the most celebrated works of modern literature but Maddox believes she also provided the material for them. Nora is behind Molly Bloom; her letter-writing manner, free association without punctuation, bears a close resemblance to the famous soliloquy. Her radiance and her lyricism lie behind Anna Livia; her passionate attachment behind the heroine of *The Dead*; and her possible betrayal of Joyce on one occasion behind Bertha in the play *Exiles*.

She was brutally frank about her husband's work as on all other topics, freely admitting she had never read *Ulysses* and referring to *Finnegans Wake* as "that chop suey." "Why", she asked "don't you write sensible books that people can understand?"

Nora Joyce . . . eloped to Zurich

Nonetheless, her reading apart, Nora emerges as having a wonderful power of acceptance. Until the emergence of Harriet Shaw Weaver, the American benefactress who donated a small fortune to supporting the Joyces, they were always desperately short of money. Apart from a few years in a bank and language teaching (at the Berlitz and then to private pupils), Joyce never had any job apart from writing. He made no money out of that until well into the 1920s after Sylvia Beach published *Ulysses*

They lived dangerously but well, it appears, on credit, and by sponging on family and friends. Nora loved fine clothes. Borrowing, they say, loses both itself and friend but the process can take some time. Maddox is good at describing the various individuals and sets of people in Trieste, Zurich and Paris on whom they battened.

Although uneducated, Nora learnt the local languages well enough, but was lonely when her bibulous husband drank the night away in cafés. That changed when Joyce's sisters also came out to join them. Maddox recalls the episode of how one night, in disgust, Joyce threw the manuscript of *Stephen Hero* into the fire, and she says that "Nora, Mary and Eileen leaped to rescue it. 'This book will make him famous,' Nora told Mary."

I met Joyce's sister, Eileen Schaurek, in the 1950s when she was working as the cashier of the Metropole Cinema restaurant in Dublin. According to her, it was she alone who rescued the manuscript, scorching her fingers as she extricated it. Joyce presented her with a pair of white gloves the next day. Mrs Schaurek assured me that Nora, who stood idly by, would happily have let it burn.

On two occasions in 1909 Nora did return to Ireland without Joyce, and there followed that singular correspondence between Nora and her husband known to Joyce scholars as "the dirty letters" in which he gave full vent to his sado-masochistic and anal-erotic fantasies. "The wonder," comments Maddox, "is not that James Joyce could do it but that Nora Barnacle, schooled only at the Convent of Mercy, confidently matched him and, by his own judgment, sometimes bettered him."

The biographer exposes Nora's sex life, both before and after her marriage, to careful scrutiny. Did she have an affair with Cosgrave or did she not? The answer is as ambiguous as that highly autobiographical work, *Exiles*; but there is not much else about Joyce's marriage which this thorough and readable biography leaves unanswered.

Fiction

Voices in a tapestry

MOTHER LONDON
by Michael Moorcock. Secker & Warburg. £9.95. 496 pages
BLUE EYES, BLACK HAIR
by Marguerite Duras, translated by Barbara Bray. Collins. £10.95. 117 pages.
DRIVING IN THE DARK
by Deborah Moggach. Hamish Hamilton. £11.95. 246 pages.
ENGLISH, AUGUST: AN INDIAN STORY
by Upamanyu Chatterjee. Faber & Faber. £11.95. 291 pages.
GLASS HOUSES
by Penelope Farmer. Gollancz. £11.95. 215 pages
ROCK SPRINGS
by Richard Ford. Collins/Harvill. £10.95. 245 pages.

MICHAEL MOORCOCK'S massive new novel consists of a kind of counterpointed chorus of disparate narrative voices: all are patients at the same clinic. But it is the City of London from the time of the German blitz to the present day, not the clinic, which holds the voices together. So, *Mother London* is a huge tapestry of single strands woven together.

And it does work. This is the kind of novel that tends to get overlooked, either because the author is famous for category fiction or just because the perhaps too elegant literary mind of today cannot cope with it. But, really, although its language is never actually inspired, *Mother London* is much more than merely a good read. The contrasts between these voices telling their stories are remarkable. Moorcock's mind is full of curiosity and odd lore, the narrations are never empty, and the people are usually more than just interesting. I recommend it.

Marguerite Duras's narrative voice is a mixture of Hemingway and one of those obscure Continental aphorists with whose pronouncements one is afraid to disagree in case one should be accused of seeing what is not at all obvious. Duras herself asks us to read this story even if we "hate" it in principle: we shall end up, she thinks, by experiencing its "agony."

The agonies in *Blue Eyes, Black Hair* are of a woman abandoned by her blue-eyed, black-haired lover, and of a weeping man (his mascara is running) who grieves for this same blue-eyed, black-haired man, to whom he has never even spoken.

Deborah Moggach, in her seventh novel, *Driving in the Dark*, is simple and effective. Hapless Desmond is thrown out by his wife and, having little else to do, goes off in search of a child he once fathered during a previous brief liaison. The search is well-drawn and the result is pleasant and well-observed.

Upamanyu Chatterjee's first novel — he has been known until now for his stories collected in *The Assassination of Indira Gandhi* — is a delightful account of a young Indian civil servant who is confused in his mind between women, soft drugs and literature. He is posted to a little town in the south where he learns to begin to understand Hinduism, urban underdevelopment, vulgarity — and love.

Penelope Farmer's new novel, *Glass Houses*, is centred on glass in the same way as Melville's epic is centred on whales. It also owes much — although perhaps not too much — to D.H. Lawrence or to Mary Webb. It is up to the reader to decide which. But this is serious, carefully done, unusual and deserves a try.

Rock Spring consists of 10 readable, bright, moving stories by the author of *The Sports Writer*. They deal with ordinary lives and do so without patronage. I think readers who liked the novel may like these even better.

Martin Seymour-Smith

A NEW PORTRAIT by Jean Jones of the poet John Heath-Stubbs, who celebrated his 70th birthday this week. To mark the occasion Carcanet has published his Collected Poems: 1943-1987 at £25.00. Also available are the illustrated pamphlets Cats' Parnassus and Time Pieces at £2.95 each (or signed £10.00) from Hearing Eye, 99 Torriano Avenue, London NW5.

The Empire hits back

ADULT PLEASURES: ESSAYS ON WRITERS AND READERS
by Dan Jacobson. André Deutsch. £12.95. 144 pages
WHITE WRITING: ON THE CULTURE OF LETTERS IN SOUTH AFRICA
by J.M. Coetzee. Yale University Press. £14.95. 193 pages

DAN JACOBSON and J.M. Coetzee, the authors of these two short collections of essays, are among South Africa's most distinguished novelists. The cardinal difference between them is that Jacobson is an expatriate who has lived and worked in England for many years while Coetzee has remained in his native land. The contents of their books reflect these differences.

Coetzee's seven essays all concern aspects of South African experience while only three of Jacobson's 17 essays are devoted to South African themes and only one of these is concerned with a major writer, Olive Schreiner.

J.M. Coetzee is professor of general literature at the University of Cape Town, and a winner of the Booker Prize. His book is scholarly but never narrowly academic. His subjects range from Idleness in South Africa to a study of Blood, Taint, Flaw and Degeneration in the novels of Sarah Gertrude Millin, the most racist of South African novelists and, distressingly, Jewish.

By concentrating on the influence of South African history and geography on the country's literature, Coetzee has produced an enthralling interpretation of its present psychology. He shows, for example, that at least some of the roots of apartheid can be found in the guilt feelings of the Boers at their own early betrayal of the Protestant work ethic. The first settlers wrongly considered the indigenous Hottentots to be bone idle. By the 17th century, however, a contemporary observer attacked the Boer farmers themselves for their "indolence and . . . irregular and debauched lives."

In an essay on The Picturesque and the South African Landscape, Coetzee explores the psychological impact of inhabiting a land that could not be accommodated in the aesthetic categories the original settlers brought with them. And Coetzee asks why, above all, South Africa and its aboriginal inhabitants were never idealised as a garden of Eden when America, colonised at much the same time, did receive this treatment.

Jacobson is deeply concerned with the metaphysics of criticism and hence with interactions between writer, reader and fictional characters. He asks, for example, what response we should accord to Mr Knightley's condemnation, in Jane Austen's *Emma*, of the heroine's mockery of "Poor Miss Bates" when the author herself has made the unfortunate character a figure of fun. Jacobson invents, to the best of my knowledge, the concept of "resistance" in literature which concerns the degree to which both reader and work of literature can be said to "take possession" of the other.

Jacobson's style is more relaxed and anecdotal than Coetzee's but he is acute, as well as funny, in discussing a wide range of subjects — such as whether Lord Byron had a guilty secret or just used the pretence of having one as a device for cross-fertilising his life and his writing.

These two books demonstrate again that many countries in what was once the British Empire are now generating literature of a degree of excellence which is hard to match in England. Novelists such as the two under review in South Africa, Thomas Keneally in Australia, and Robertson Davies in Canada have shown that the novel still has the power to define experience and thereby transform it.

The reason for this is perhaps that these countries, some comparatively recently independent, are still felt to be malleable.

There is no doubt that both Jacobson and Coetzee see their literary task as going beyond entertainment. Perhaps, since empty literature is boring literature, it is because of their seriousness that these collections of essays, on themes crucial to the relationship between experience and its representation, are both enthralling

Paul Ableman

Confessions from another Eton

ETON VOICES
Interviews by Danny Danziger. Viking. £12.95. 290 pages

OF THE 42 Old Etonians interviewed by Danny Danziger, an Old Harrovian of American origin, nearly all agree that they are glad to have been educated there. The romantic landscape with the Thames flowing gently through it, the handsome ancient college buildings with Windsor Castle looming in the distance, continue to exert a benign influence on "the little victims regardless of their doom."

The Collegers in the centre lead a more intense intellectual life than the Oppidans scattered in boarding houses, each with a master in charge, the quality of the House depending largely on the Housemaster.

Obviously, there have been many changes since I left Eton nearly 70 years ago, and these are reflected in Danziger's symposium. *The Eton Chronicle* has become more sophisticated; the fine arts are actively encouraged; the drama, music school and the debating society flourish as never before; the humiliations of fagging and flogging are over and done with. But one hopes the Queen's English is better spoken than in this record.

Danziger's Eton voices fail to sing in harmony. If he used a tape-recorder he should have expunged the disgusting words which poison parts of his narrative. The stuttering repetition of "I mean . . . Sort of . . . you know . . . for God's sake . . . that kind of stuff . . . mind you . . . or whatever" weaken the gist of any statement, apart from the superfluous "bloodies."

Evidently Danziger is an "investigative" journalist belonging to the MI5 branch of his profession, for he has extracted avowals usually reserved for the confessional. "I rather like bums," says one of his interviewees. "I'm a bum man rather than a tit man . . ."

Another reports that in his House "there were lots of people taking drugs or drinking. One boy grew marijuana plants with the aid of infra-red lamps in his cupboard, another erected a gin still."

Adolescence may be an unpleasant experience at any school, but here we are confronted with some of its most disagreeable aspects. This is very remote from the Eton I remember, and I cannot believe that the language of Etonians has become so impoverished. Most of my coevals expressed themselves in decent English and their manners were conventionally polite. When I happen to meet their sons, I am charmed by their spontaneous courtesy. Being an octogenarian, I might not be qualified to judge: the well-bred young defer instinctively to the old.

The shrillest voices recorded by Danziger are those of Eton's detractors. A film critic explodes: "I hate the place in every way. I mean, I hate it politically, I hate it culturally, I hate it socially." But he also hated God. "I really hated Him and all His works, and I have done ever since. I can't bear to go anywhere near a church." And a film director considered it like a prison sentence: "I think it was four wasted years. They were emotionally barren years."

On the other hand, Lord Hailsham, who was a Colleger, considers Eton "the best school in the world. I have great affection for it, and loyalty to it." Subsequently he sent both his sons there. And Brian Johnston, the cricket commentator, declares: "I owe it a tremendous debt . . . You felt that you had perhaps the best education possible, and that one was sharing in something which was perhaps exceptional."

Popular journalism thrives on such contradictions. Since its foundation, Eton has stood the test of time with flying colours; and, as I think Schopenhauer said, "history records that which is always the same."

Harold Acton

Talking to a stranger

ONE TO ONE: Experiences of Psychotherapy
by Rosemary Dinnage. Viking. £12.95. 220 pages
CONSUMING PSYCHOTHERAPY
by Ann France. Free Association Books. £27.50 (£9.95 paperback). 260 pages

PSYCHOTHERAPY runs counter to traditional British notions of keeping the emotions firmly in their place. Like death, it is still not talked about much and is still seen, by some, as a kind of self-indulgence.

Many books have been written about it but almost entirely by practitioners. The viewpoint of their subjects has remained unrepresented. Yet Freud's "talking cure" is an important option for someone under emotional stress and its processes deserve a proper airing.

Rosemary Dinnage's book is made up of 20 interviews with people, widely different in age and background, who describe their experiences in psychotherapy or analysis, terms which are sometimes used by her subjects as if they were interchangeable. It is not only a serious project but a very exciting read to hear people exposing the passions of the secret self. "There is an angry part of me," says "Alexander," but he doesn't expect analysis to help much any more. "I don't think I've had very high expectations of it — especially after the first 20-odd years!"

On the whole, the most "successful" therapy seems to take place over a shortish period (which seldom means less than a few years), and deals with a relatively clear-cut problem arising out of a particular situation.

"Harriet," however, discusses her sense of "bemusement, bafflement" in trying to believe in the reality of her therapist. "It's an enchantment or something. It's because nobody in your whole life has listened to you before . . . " In her case, this feeling turned into a dangerous dependency which, far from helping her to cope with life, cut her off from it.

"Michael" makes the point that the patient is usually referred to an analyst who might, on occasions, be totally inappropriate, but the patient will not feel able to make a change. He suggests the urgent need of a book called "How to choose an analyst." "Barbara" replaces an interview about her therapist with an analysis of the church's role as therapist. She points out that the confessional has two advantages: first, you tell the truth and, second, you are forgiven.

Dinnage is uncompromising in allowing her subjects to speak for themselves. As she admits, the results are neither an endorsement for therapy nor a condemnation. What is highlighted is the importance of the human relationship between analyst and analysed.

Few of her interviewees stayed with the Freudian convention of patient-on-couch and invisible, mostly silent, analyst. This point is discussed in great depth by Ann France in *Consuming Psychotherapy*. Indeed it is her major theme: "Psychotherapy is a shared experience: it is a painful exploration two people undergo together. One of the two is more experienced, and needs to remain detached to some extent from the suffering but this does not imply retailing the aloofness of a superior and less vulnerable being."

France uses her own experiences with three therapists, two of whom she saw concurrently, plus her wide reading in psychiatric literature, to give advice and admonition both on a theoretical and on a practical level. Why not coffee machines in waiting rooms? she asks. How and when should bills be presented? Should the therapist who works from home — as many do — have separate entrances for patients? All these are highly relevant in a sensitive relationship. "Holding" is the subject of a whole chapter. Should an analyst touch a patient in distress? She notes her own joy when a Samaritan physically comforted her.

If France's most definite and controversial view is her insistence on the analyst as a fellow-human being, her book constantly depicts the dangers inherent in psychotherapy. A chapter entitled "Expectations" concludes: "A strong core of sanity is needed to survive it, or benefit significantly from it."

Both books read together provide an extraordinary experience in understanding the human capacity for unhappiness. Incidentally, although not as incidentally as all that, it makes one wonder how anyone dares to be a mother.

Ann France says therapy is an educative process, a mind-expanding experience similar to reading Proust. Rosemary Dinnage agrees about the education, although she throws into the mix "medicine, religion, love affair and addiction." Only "Barbara" broadens the discussion beyond self to a spiritual dimension, and she concludes, dismally enough, that unhappiness is a fundamental part of the human condition.

Rachel Billington

Alexandrines and incest

Martin Hoyle reports on Quebec's International Theatre Festival

QUEBEC'S THIRD biennial Quinzaine internationale du théâtre was raked by critical fire before overture and beginners had been called. The knockers questioned the competitive element, the make-up of the international jury (predominantly francophone), the number of shows (twenty compared with 40 in previous festivals) and, above all, the choice of plays, many deemed too lightweight.

Personally I would have loved to catch the Parisian hit *Léopold le bien-aimé* with such established stars as Georges Wilson and Suzanne Flon, or to see what Czech film-director Jiri Menzel *(Closely Observed Trains)* made of Michael Frayn's *Bez Roucha* – I mean *Noises Off* – despite local complaints of the play's familiarity from the commercial theatre.

Things came to a head at the jury's press conference with a brisk passage at arms between the critic of Le Devoir and the festival's *directrice*. Journalistic targets included the popular Canadian actor Albert Millair whose one-man compilation of theatrical snippets was faulted for being the same show that he toured around schools. An Anglophone critic can only be grateful for the chance to hear classical alexandrines spoken with such elasticity and strength, a world away from the lumpen rhyming couplets of English versions.

M Millair began his recital with Hamlet's address to the players, Gallic and slightly bossy, yet with a welcome gleam of humour withal. Apart from Corneille, Racine, Molière and Rostand's *Cyrano* (much stronger than the last over-winsome British protagonist), Peter Shaffer featured with monologues from *Amadeus*. The actor's cheery linking material sometimes prodded the sacred cow of classical culture and enjoyed an irreverent joke with the audience.

On the other hand, Claire Bloom's Shakespearian anthology, *These Are Women*, was introduced with Reader's Digest-type plot précis in a manner that verged on the perfunctory. Miss Bloom, her show surprisingly billed as the London contribution, seemed coolly disinclined to relate to spectators francophone, anglophone, Icelandic or Chinese in her introductions; and her insistence on a microphone in the little auditorium of the downtown Gabrielle Roy library bespoke the Brit ex-pat who skates by in North America on impeccable diction and English class.

In the event, her actual Shakespeare confirmed a great talent lost to the British stage. Miss Bloom, looking – to put it ungallantly – a lovely twenty years younger than her age, has clearly thought about the Bard's older women characters: Katherine of Aragon, Portia from *Julius Caesar* and Volumnia in *Coriolanus* were strong, forthright, dignified and well differentiated. And her *Romeo* excerpts bore out the old adage that only mature actresses can do justice to Juliet: ravishingly spoken, certainly, but no mere display of the voice beautiful, her portrayal was alive to every inflection, every felt, half-felt or imagined feeling that engulfed the adolescent heroine.

Solo performances were a strong point this year. From Denmark came Odin Teatret with an Italian player doing her nut for an hour of post-Grotowski writhing and throbbing in *Judith*, by director Eugenio Barba and actress Roberta Carreri. Strong but unmoving. Japan sent *Utt*, whose synopsis ("Utt est . . . une onomatopée, suspendue entre deux mondes, l'inspiration et l'expiration") led one to fear the worst. In fact, criticised by dance critics for not being genuine *buto* and by theatre buffs for being dance, Carlotta Ikeda's hour's brief traffic on the stage was utterly riveting. A soul's journey from whiteness (clothes, backdrop) through sumptuous steamy birth-giving in rich traditional robes to stark simplicity, naked in some metaphysical desert, was wordlessly depicted with dazzling technical accomplishment. Lighting that can change space, much as the rubber-faced player changes her shape, or stab the stage with laser-like shafts, and the protean Ikeda herself steered clear of both pseudery and kitsch (even to the final strains of Fauré's Requiem).

Ikeda won a jury prize. Local theatre came over strongly among the winners, including *Le Syndrome de Cézanne* and *Les Feluettes*, both before my arrival. The latter (a possible translation of the slang title is *The Mincers*) scooped an imaginative jury prize for best feminine supporting role for two of the all-male cast, and is scheduled for a European tour in the autumn. It sounds ideal fare for the Almeida. I saw another francophone offering, *La Deposition* from Montreal. Well directed on an isolated rectangular acting area, with off-stage witnesses summoned on video, the duel between an examining police inspector and a woman murder suspect rang oddly old-fashioned. Exceedingly well acted by Louise Laprade and René Gagnon, the novelettish dénouement nevertheless reminded one of a film with, say, Jeanne Moreau and Jean-Louis Trintignant . . .

An anticipated high-spot, *Born Guilty* from Vienna's Kreis, came an awful cropper. This case-book survey of children of Nazi war-criminals is New York-bound. Hence the attempt to play in English and the resultant interminable farrago of fractured American, pidgin English, bilingual floundering, prompting, nervous giggles, knowing cries of "oops!" and desperate reversion to German. In the absence of director George Tabori someone should have realised this disgraceful mess had no place on a professional stage, let alone at a festival. It reportedly improved, but the fact remains that, not for the first time, Canada was used as a try-out for New York.

Teutonic culture was vindicated with the prize-winning *Der Tropische Baum* from Düsseldorf's Schauspielhaus. The original by Yukio Mishima makes the house of Atreus look like Sunnybrook Farm. Brother loves invalid sister more than fraternally; aunt lusts after same girl. Mother urges son to kill father after another spot of incest. Daughter urges same boy to ditto mother and warns father who rejects her. She is consoled by aunt who recites philosophical platitudes and sucks her toes (the girl's, that is).

Werner Schroeter created beautiful patterns with his five omnipresent characters on an open stage occasionally partitioned by descending frames, as with the movable walls of a Japanese house. For use of space and light, restrained acting brooded over by Peter Kern's balefully patriarchal Buddha in a business suit, and concentrated power, the spectacle deserved its plaudits and made much else look amateurish.

Roberta Carreri, writhing and throbbing in "Judith"

Radio

Evening drama pride of place

IT IS interesting to see the parallel patterns of the evening drama on Radio 3 and 4. On Radio 4, on Saturdays there is a play of popular taste, often (though not so often recently) a crime thriller. On Mondays there is probably a play about current social affairs, not seldom about Northern Ireland.

Radio 3's Tuesday slot is where we hear the more frivolous serious pieces, and the plays of classic stature are given on Fridays. If this is purely a matter of chance, I hope the chance will be nurtured; it is good to know where and when you may look for your choice, even if that's only the weather forecast or Thought for the Day. Here is how it went this week, which I thought a splendid week for drama:

Radio 4's Saturday-Night Theatre happened to be about current social affairs. In Michael Z. Lewin's *The Interests of the Child*, Carol (Liz Goulding), a social worker, is guardian *ad litem* of a happy adopted 10-year-old whose mother, from whose charge he had been removed for inadequate care, wants him back, as she is to make a better marriage. This is Saturday-Night, remember; the proposed husband is a horrible local lawyer who reckons he can discredit Carol in court if she opposes the application. But Carol has a secret lawyer lover. Romantic it was, but interesting and instructive. Shaun MacLoughlin directed.

In the excellent Monday play, Stephen Dunstone's *Heaven's Children*, Caroline (Victoria Carling), disappointed in love for Richard (Steve Hodson) joins a pseudo-religious sect, and her father insists that Richard must get her out. He is able to visit, but Caroline insists he must meditate, and then she is able to enter his mind.

The account of life in the retreat is subtly inventive (Mr Dunstone, after all, once wrote a play about the romantic life of beetles). Evil events go on in which Caroline religiously takes part. The end leaves all hopeful conclusions bar one imaginatively unfulfilled. There was attractive original 'cello music by Nicholas Hannan (attributed to Caroline). John Tydeman directed.

Marcella Evaristi's *The Hat* was in Radio 3's Tuesday manner. Painter Crispin (Stephen Boxer) quarrels with his lover-model Marianne (Phyllis Logan), whom he has painted in a fantastic hat, and takes up with Katya, a silly sexy girl played by the author. We are in Paris in 1920. Marianne exchanges helpful talk with her mirror and her hat. There was nothing very serious in the play, it was fun about imaginary life in the early days of Dada, when anything might be thought to happen, and fun is where it stayed.

On Friday we had a superb production of Auden and Isherwood's *The Ascent of F6*, with the Britten music. Michael (Mick Ford) is to lead an expedition up this mountain that stands on a threatened colonial frontier, a mountain reputed to have a ghost at the top. What is so invigorating about the writing, apart from the value of its verse, is the inclusive variety of satire distributed among the characters – the expected stuff for politicians, press and military, sharp observations for the "common people," and even the heroes of the expedition talking like sixth-formers.

Patricia Routledge was fine as Michael's mother, and the Abbot (an immigrant from Shangri-La?) was excellently spoken by Robert Eddison. The direction was by Glyn Dearman (who made the radio adaptation) and John Evans; the pianists were Catherine Edwards and Andrew Ball; and the choruses were sung by the BBC Singers. An outstanding evening that ought to be repeated soon.

The *Passport and Parasol* hit this week went to Anna Leonowens and the King of Siam, rather different from Oscar Hammerstein II. More interesting were the extracts from the diaries and letters of Margaret Stevenson, Robert Louis's mother, in *Where the Golden Apples Grow*. As they cruised about the South Seas, she must certainly have had a parasol, and presumably a passport, for they called at sundry foreign territories. There were already telephones and electric light in Honolulu. A million pities they did not have tape-recorders.

B.A. Young

From Creation to Judgement

THE YORK Cycle of Mystery Plays, the centrepiece of the quadrennial York Festival, opened on Thursday night in the beautiful setting of the ruined abbey arches in the Museum Gardens. Victor Banerjee, a remarkable Dr Aziz in David Lean's film of *A Passage to India*, is a serene and authoritative Christ, the first Hindu saviour. God and the archangels, led by 12 year-old Jon Lacy-Colson, are all young boys, a brilliant casting stroke to convey pre-Adamic, pre-sexual integrity.

The festival's main sponsor this year is InterCity, with special support for the Mysteries from Continental Airlines. How appropriate that trains and planes should respect a medieval cultural phenomenon that started with a few rickety pageant waggons rumbling through the city's streets. You can still walk the 15th century Corpus Christi Mystery trail from Micklegate Bar south of the Ouse, across the river, around to the Minster Gate, swinging east along Petergate and into the junction on Pavement by All Saints' Church.

This is worth doing, for the nature of the Mysteries in modern production is more coherent and spectacular than it would have been. Steven Pimlott's three-and-a half-hour version is easily the best I have seen in York, the first to have absorbed the full impact of the Tony Harrison/Bill Bryden National Theatre adventure into the special quality of a large-scale amateur theatre event.

Pimlott mobilises his huge crowd with a sense of surging excitement worthy of Meyerhold. The entry into Jerusalem and the progress to Calvary are staged as genuinely ecstatic public events. Only when the seraphim momentarily adopt white aprons, or the artisans fiercely discuss the quality of their nail-banging at the Crucifixion, are we reminded of the plays' haphazard origination by the medieval guilds.

The modernity and power of the poetry has been channelled by Pimlott and his associate, Andrew Wickes, into a well-orchestrated narrative from the Creation to Judgement Day. The crowd acts like a chorus, all dressed in a contemporary designer black that can embrace the academic fustian of temple bigwigs, the keening of bereaved mothers in the still horrendous massacre of the infants by Herod's soldiers, the zealous orthodoxy of righteous stone-throwers confronting the woman taken in adultery.

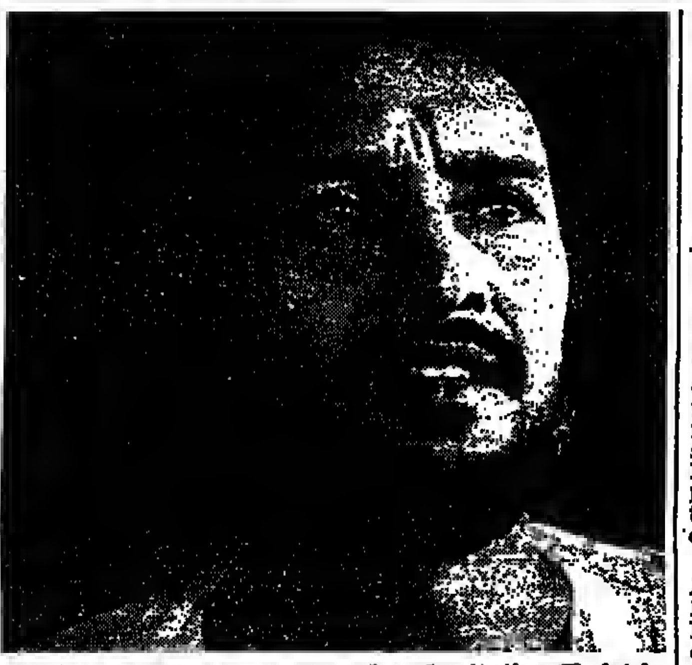
Banerjee's first appearance in his flowing white robe is a coup without hysteria, the black sea of John's baptismal clients parting *as if commanded by Moses*. That trick is typical of the overall confident staging, unsullied by the tinny extravagances of past occasions. A squat black rood is scenically incorporated into the Noah play at the helm of the ark, translated into a sacrificial altar-piece in the startling Abraham and Isaac interlude, finally slotting into place on Calvary.

Tim Reed's design also conveys a lush Armenian decadence at Herod's court and boldly broadens the visual tone by bringing on Pontius Pilate as a steed-straddling Roy Rogers and his soldiers as tin-helmeted mercenaries in grey green fatigues. Traditionalists may lament the exclusion of Mack the Sheep-stealer and the inclusion of microphones. But even God has trouble making himself heard these days, and the sound system is a sensible answer to the curious and silly current argument that spectacle is inimical to language in the theatre.

Pimlott's cuts, though I too miss Mack, are sensible. Eight years ago, Christopher Timothy was, like Mike Gatting, "one of the lads" as both Nick the Carpenter and Jesus. Four years ago, Simon Ward was simply wimply and wan. Banerjee restores both glamour and dignity to Jesus. Not required to fraternise as a shipwright, cowper or tapiter, he concentrates on exuding the still, stern music of compassion without embarrassment, of suffering without pain.

Most strikingly, with eyes as deep and eloquent on stage as on screen, Banerjee gathers increasing strength in isolation from Church and State, from parents and followers. He rightly reserves his only harsh and quarrelsome notes for his return in Judgement as an anointed priest in mitre, alb and chasuble. In the context of modern Mystery presentation, this is a quietly revolutionary performance. It can, and should, be seen in the Museum Gardens – blankets and flasks recommended – until July 3.

Michael Coveney



Victor Banerjee: a serene and authoritative Christ in the York Cycle of Mystery Plays

Poppea without flesh and blood

MONTEVERDI'S LAST opera qualifies very comfortably for inclusion in the South Bank's "Endgames." Its first performance took place in the last year of the composer's life, 1643, and the only surviving manuscripts date from posthumous performances eight years later; its musical and dramatic style represent the furthest refinement of Monteverdi's operatic craft, the paring down to expressive essentials so often claimed as a leading characteristic of late work.

Thursday's performance of *L'Incoronazione di Poppea* in the Elizabeth Hall was mounted by Roger Norrington and Kay Lawrence's Early Opera Project. The opera was sung in Italian with a cast that was almost entirely Anglophone. The performing edition by Alan Curtis was based on the manuscript of the Naples version in which the instrumentation had been reduced to touring proportions: four single strings here, with a continuo of two harpsichords and two chitaroni, all members of the London Baroque Players directed from the keyboard by John Toll. Twelve singers distributed the 23 roles between them.

Undoubtedly the musical components of the evening had been scrupulously prepared – instrumental textures were exquisitely rendered and every detail fitted precisely into its place. But this was given as a concert performance, and there can be few operas harder to sustain without at least a modicum of a theatrical context. The fluid interlacing of recitative and arioso, as well as the bare-nerved sensitivity of the word setting, combine to generate a dramatic texture that *demands visual realisation, and* which resists dry, oratorical delivery.

The Early Opera Project cast seemed divided on how far to go in compensating for the lack of stage amenities. Some singers caught the theatricality head on, and consequently some of their scenes hardly betrayed the self-imposed constraints; the dialogue of Tessa Bonner's Page and Evelyn Tubb's Girl in the second act – an everyday, lower-orders parallel to the opera's central passion between Poppea and Nerone – was one brilliantly realised example, while Howard Milner's wittily caught Arnalta and Tessa Bonner in her other incarnation as Amore consistently brought a simulation of stage intensity to their contributions.

Unhappily such presence was signally lacking at the core of the opera. In Nancy Argenta's Poppea and Carolyn Watkinson's Nerone the emphasis was decidedly towards carefully measured and immaculate vocal phrasing rather than on bringing the characters to life flesh-and-blood reality seemed far from those set-piece confrontations upon which the opera depends for its rationale and its emotional weight. Tim Wilson's Ottone was conceived in much the same mould; but both Kathleen Kuhlmann's Ottavia and Richard Wistreich's Seneca flared into life often enough to suggest that in the theatre their performances would acquire the necessary further dimension. Emotions are laid as bare in Monteverdi's *Poppea* as in any *verismo* shocker; the erotic overtones are just as powerful. Every element in the opera is bent towards releasing and exploring them, but too much here seemed intent on aseptically neutering them.

Andrew Clements

Records

Hindemith con amore

ONE OF these days, there is bound to be a major Paul Hindemith revival: I know musicians who wake occasionally in cold sweats at just that forbidding prospect. It isn't only a matter of the old battle-lines (many Schoenbergians viewed the musical theorist Hindemith as an Anti-Christ, a pseudo-modern reactionary blocking the way to true progress); the instantly recognisable texture of later Hindemith, heavy with notes and obtrusively busy, has come to seem quite rebarbative in the quarter-century since he died. Yet before that, he was standardly identified as one of the three or four seminal composers on our time.

If that reputation has probably declined for good, the fact remains that the doggedly prolific Hindemith produced an *oeuvre* of imposing expressive range as well as rigorous workmanship. You may notice chiefly the latter if you hear only his pieces of the '30s and '40s; but to hear those in the context of his earlier, more daring and less systematic music is to acquire newly sympathetic ears for all of it.

A superlative performer, the American violist Kim Kashkashian offers just such an opportunity with an ECM New Series album (spread over three LPs as 833 309-1, but available in a two-CD format too) which comprises all seven of the viola sonatas. They run from Hindemith's suave first maturity, the 1919 op. 11 pair, through his bold adventures in the '20s to the masterly pedagogue of the late '30s. A distinguished violist himself, he wrote for his instrument *con amore*, and the four unaccompanied sonatas refused any scope (blessedly) to his penchant for dense counterpoint. In the three sonatas with piano, Robert Levin is a strong, keen partner who scotches any risk of aural stodge.

The whole sequence provides a new perspective on the whole Hindemith, as freshly illuminating as the individual sonatas are attractive to hear, pithy and squarely original. Much credit goes to the scrupulous artistry which crowns Miss Kashkeshian's absolute technical security and control: she renders the music so directly gripping that you hardly notice the phenomenal skill with which she does it.

Schumann doesn't stand in *need of revival, but a year or so* ago a new DG recording of his under-valued violin sonatas by Kremer and Argerich proved a kind of revelation. Kremer eschewed classical manners and the Tone Beautiful in favour of making the music speak, whisper, demand, implore – displaying its real sense to remarkable advantage. Now a younger Kremer colleague, the Salzburg violinist Thomas Zehetmair, has scored another success with those sonatas in a quite different tone of voice.

Zehetmair cultivates a shamelessly appealing sound – lots of fast vibrato and unabashed portamento slides; he also cultivates a quirky imagination, and lights up this late Schumann with continual quick, spontaneous insights. He takes up the viola smoothly for the op. 113 *Märchenbilder* which share the record with the two sonatas (a Teldec CD, 8 43749 – also on LP and cassette). Some may find the manner too effusively personal, but many others should be disarmed and delighted. His pianist is the excellent Cyprien Katsaris.

Both Kashkashian and Zehet*mair figure in the latest album of* performances culled from Kremer's own Lockenhaus Festival (ECM New Series 1347/48, two LPs or CDs). Kremer leads searching accounts of Shostakovich's Quartets nos. 13 and 14, full of brooding character, on one record; the other is devoted to rehabilitating a fine Czech Communist composer, Erwin Schulhoff, who died in a Bavarian concentration camp. His taut, sinewy idiom – represented here in a string Sextet and a Duo – had jazz leanings, captured with dash by James Tocco in the Jazz Studies of 1926.

The pianist Alicia de Larrocha has long been a nonpareil exponent of Albéniz, and now she has re-recorded the great *Ibéria* suite and the Suite Espanola in up-to-date sound (Decca 417 889-2, two CDs – also on LPs and cassettes). Devotees needn't throw away their old Larrocha LPs, which in places displayed an extra touch of verve; but the new versions are still a continuous pleasure, and her authority with Albéniz's brilliant torrents of notes is more complete and astonishing than ever. While the earlier Suite (including two or three evergreen numbers) is inventive and charming, Ibéria is a great piano-tapestry, rich beyond its picturesque surfaces and piquant virtuosity: Larrocha makes that triumphantly clear.

Fans of H.K. Gruber, that odd and quite original Viennese joker, can at last get his "pandaemonium" *Frankenstein!!* on LP, Amadeo 419073-1 (though it may take some determined bunting). Gruber himself is again the outrageous *chansonnier* in H.C. Artmann's witty surrealist verses, delivered in the original German and the more effective for it – in Gruber's live performances here his idiosyncratic English has been fun but a bit impenetrable. Translations are included with the record.

The fractured innocence of Gruber's settings, children's instruments and all, serves Artmann's parade of nursery monsters perfectly, and it goes on sounding weirdly fresh. The record is aptly completed by his percussion concerto *Rough Music*, less jokey but subversively appealing in a similar vein. To a casual ear the surface might pass for near-Muzak, but it tilts and cracks disconcertingly with its own peculiar logic, and discloses strange things below. Gerald Fromme is expert with his marimbas; Lothar Zagrosek conducts the Austrian Radio Symphony in *Rough Music*, Gunther Schuller in *Frankenstein!!*

David Murray

CHESS No 727

1 Q-R3, P-K4; 2 R(B4)-K4, any move; 3 Q or R mates.

WEEKEND FT

• SPORT •

Wimbledon/John Barrett

Steffi Graf looks better and better. Stronger, faster and more confident. . .

Becker, if you must bet

NOT FOR years have I looked forward to the start of Wimbledon with as much enthusiasm as I do this year. The 102nd championships, starting on Monday, contain so many imponderables, particularly among the men, that it is more difficult than ever to suggest a likely winner.

For instance: how serious is Ivan Lendl's shoulder injury, and does he have the true belief to succeed on grass after the final-round disappointments of the past two years? Can Mats Wilander, the winner of this year's Grand Slam titles in Melbourne and Paris, succeed at Wimbledon, where he had never even reached the quarter-finals until last year?

Will the holder, Pat Cash, put his recent poor form behind him and prove that his Melbourne upbringing makes him invincible on grass? How complete is John McEnroe's recovery? Is he really a changed man and has he had ennugh serious match play to maintain form for two hard weeks?

Does Boris Becker's win at Queen's Clnb last week mean that he has recaptured his invincible form of 1985 and 1986, or has he peaked too soon? Does Stefan Edberg, like Wilander the winner of two Australian titles nn grass, have the true champion's belief that is essential to success at Wimbledon? Can Miloslav Mecir, for all his bewitching talent, realistically expect to play to anything like his true form, having been prevented by injury from competing for the past twn months?

Can anyone be confident that they can return the serve of the still-improving Yugoslav giant, Slobodan Zivnjinnvic, wbn has already been a Wimbledon semi-finalist and was only a few points from reaching the final when he lost to Lendl in 1985? Finally, can we really believe Tim Mayotte, annther former semi-finalist, when he says that he is a new player and has at last prepared properly?

Any one of these players has a realistic chance of taking the title but all nf them will face problems along the way. McEnroe appears to have been treated quite well in the draw. Mecir is the other seed in his quarter and Wilander is his prospective quarter-final opponent. But Cash and Becker are less fortunate, being cast as opponents in the last eight.

Edberg has the toughest first round opponent of all the seeds in the shape of French left-hander Guy Forget. If he survives, Edberg will not mind that the seed he should meet is 35-year-old Connnrs; nor will he complain about being in Wilander's half, for he is looking to avenge his semi-final loss in Australia.

As usual, the wnmen seeds appear to be much less threatened than their male counterparts, largely because the gap between the leading women and the next group is mnch wider than in the men's game. I cannot believe that we shall see the same wholesale slanghter that was such a feature of the French championships, for those upsets were achieved hy brilliant young clay cnurt experts. There are fewer good young natural grass court players abnut, 5imply because so little tennis nowadays is played on the game's original surface.

Last year at Wimbledon six of the 16 women's seeds lost before reaching their appointed places. I do not expect to see the same carnage this time.

The uncertainties amnng the women are mostly concerned with their state of health, mental and physical. Steffi Graf looks better and better. She is stronger, faster and more confident about grass than she has ever been. As her coach Pavel Slozil says: "Last year was an experiment. She hoped to get to the final but did not expect to. This time she knows she can win and even at her fist practice session she was timing the ball perfectly."

Realistically, there are only two people who might beat her. Martina Navratilova really believes it is in her stars to win a record ninth Wimbledon singles title now that she is through to her eighth final at Eastbnurne today. Her eight previous wins were all preceded by an appearance in the Eastbourns final. However, there was no Miss Graf on those occasions to spoil the party.

Gabriella Sabatini is the only player to have beaten Miss Graf this year and she has done it twice. However, the 18-year-old South American beauty received the worst possible dent to her confidence this week at Eastbourne when she lost untidily to the impressive American, Mary Jn Fernandez, who is twn years her juninr. Afterwards Gabby said she felt tired and in need of a rest. This is hardly the attitude of a potential champion.

Of the rest, Pam Shriver is nursing the same groin injury that ruined her chances at the Australian Open; the erratically-talented Czech-born Hana Mandlikova has achieved nothing since becoming an Australian citizen nn January 1; Chris Evert has lost vital match play because of a persistent heel injury that might end her career, and Helena Sukova, in theory a good grass court player, hardly looked a likely Wimbledon winner when she lost at Eastbourne this week.

All the signs, therefore, point to another Graf v Navratilova final. This time I think the 19-year-old West German will prevail to add the third leg of the elusive Grand Slam.

You will notice that I have not yet suggested a likely men's champion. If I had to bet I would pick Becker and keep my fingers crossed that he can maintain his magnificent form of last Suday's first set against Edberg at Queen's. That was pure perfection. I'm afraid my predictions are not usually in that class.

Soccer: European Championships/Philip Coggan

A stage for the flying Dutchman

THE EUROPEAN Championship has so far lived up to initial expectations that it would be an open tournament, with any of the teams able to win given the run of ths ball.

Ireland's victory over England last weekend was probably a bigger surprise to the other European teams than it was to UK fans who are nsed to seeing England cock it up at the slightest opportunity. Memories of Poland in 1973 and of Portugal in 1966 came flooding back.

In fact, the demise of England was probably a blessing for all concerned. The British fans seemed determined to win their own European tnurnament for vandalism, so that only German glaziers and manufacturers of riot shields will be sorry to see them leave. Sadly, they may have done enough to debar England from the next Wnrld Cup.

On the field, England were perhaps a shade unlucky but did little to confirm my own nptimism that they had a realistic chance of winning the competition. The goal that was conceded to Ireland followed a major defensive farce, while in attack, the trio of Barnes, Beardsley and Lineker failed to play to the form expected of them.

Hoddle played only for a game-and-a-half but he created enough chances to win half-a-dozen matches, and it was a cruel stroke of misfortune which allowed his well-taken free kick against Holland to hit the post and trickle scross the face of the goal without falling at the feet of an England player.

But the predictable calls for manager Bobby Robson's dismissal should be ignored. Hs is not a particnlarly inspiring nr imaginative leader but he is not incnmpetent, either. Indeed, Wednesday's defeat by Holland was caused not by poor selection or strategy but by the attacking skills of Gullit and van Basten.

After a disappointing performance against the Soviet Union, when they seemed able only to thump aimless crosses into the penalty area, the Dutch revealed their class in the second half of the England game. All could be undone in today's struggle against Ireland, but I still fancy Holland as the eventual winners of the tournament. The Dutch defence is not impregnable, but Rijkaard and Koeman add the necessary steel to buttress the attacking skills in which the team is normally (except against Russia) so abundant.

Ireland's Tony Galvin and Tengiz Sulakvelidze of the USSR head for the ball

The mathematics of today's games are that a Netherlands-Ireland draw would mean certain qualification for the Irish. The Dutch would then depend on England beating the Russians. If Holland beat Ireland, the men in green would need an England victory over Russia for them to make the semi-finals. While an Ireland victory would mean certain elimination for the Dutch.

The Irish deserve to make the next round after their displays in the first two games. They were written off as a sort of "Wimbledon writ large" before the tournament, but that is a most unjust description. I hope it is not too offensive to say that Ireland have demonstrated the true virtues of the English game – after all, they have an English manager and all their players are members of English or Scottish teams.

English club sides, when they were allowed into Europe, had great success because of the qualities displayed by the Irish in Germany: team spirit, a phemomenal work rate and subtlerather than flashy skill on the ball. The Irish have showed their readiness to pnnt the ball npfield but they are far from limited in their attacking options.

Midfield players like Ray Houghton, Kevin Sheedy and Ronnie Whelan are capable both of creating and scoring goals, as Whelan spectacularly demonstrated on Wednesday. Had that volley-goal been scored by an Italian or Dutch player we would all be saluting such "uniquely Continental" skills.

On the other hand it is hard to decide how good the Russians actually are. Half the time they seem to be calm, sophisticated and skilful; the other half they look lackadaisical and devoid of invention.

In the other group, the Danish are already eliminated, having sadly illustrated that they are well past their best. Players who seemed so exciting in Mexico in 1986 have just lost that extra edge, and coach Sepp Piontek will now be forced to rebuild his team in order to have a hope of qualifying for the World Cup in Italy in 1990.

Although the Spanish beat the Danes – with the help of a goal that was several yards offside – they have done little to dispel the doubts about their defence. In their second game it was surprising that the Italians only scored once, for they were far superior.

Although most commentators had a good word for the young Italian side before the tournament, it was still expected that these championships were just a training ground fnr the World Cup. However, the Italians have impressed everyone with their fast, attacking play which has been refreshingly free of the professional fouls which used to be synonymnus with the Italian game.

So good have the Italians been that I am half tempted to change my earlier prediction of a Holland win. But experience freqnently tells in international tournaments, and it may well be that the Italians will find it difficult to cope if a team (the Irish?) comes at them directly.

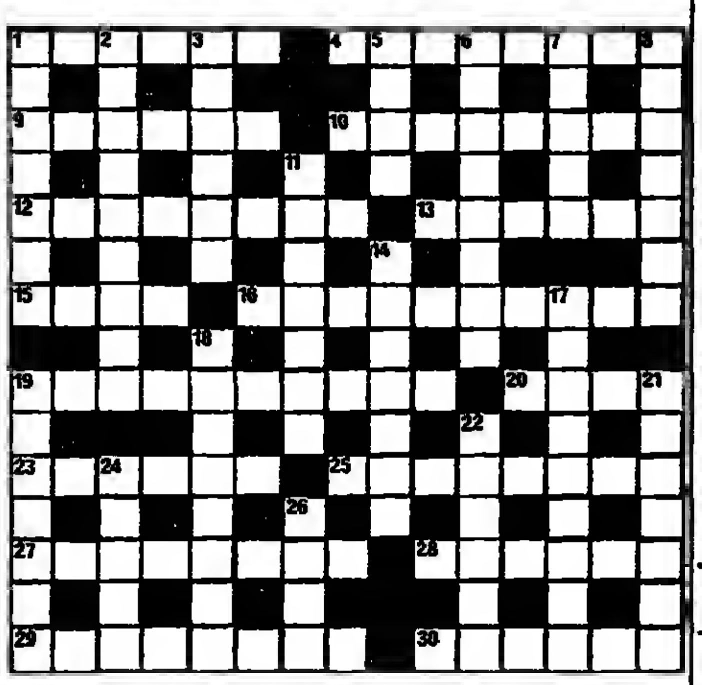
Meanwhile, the Germans have confirmed their reputation as an efficient if unexciting team. They took three points from their first two games and were not expected to blow their chances by losing to Spain.

It is still possible that the Germans will end up winning the tournament – being the hosts is always a great advantage – but it would be an extremely dull result.

FT CROSSWORD No.6,659

SET BY CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday June 29, marked Crossword 6,659 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday July 2.



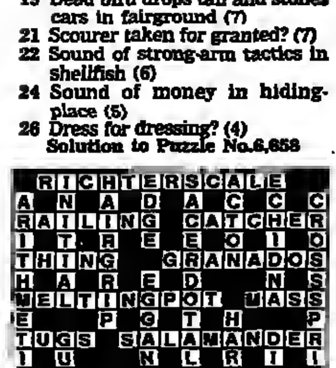
ACROSS

1 What's wrong with youth in springtime? (6)
4 Feeble way to summon back (8)
9 Door to the gallery? (6)
10 Diamond or pearls wrapped round two kings (8)
12 Health scheme: put acid back in water (8)
13 Cake for bath? (6)
15 New York's railroad not functioning at Christmas (4)
16 Mark of little finger? Read it carefully! (5,5)
19, 25 Six hundred initially around Washington (8,2,8)
20 French nobleman's returned to fly like a cloud (4)
23 Six hundred initially back to front (2,4)
25 See 19
27 Removal of six bundred and 1 (one)? (8)
28 Knight of the dance adds weight to wood (6)
29 Pony could make a jumper (8)
30 Wine puts county at top of tree (6)

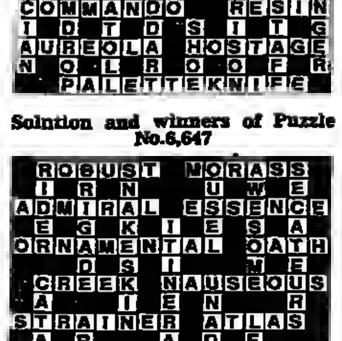
DOWN

1 He floats around at length in Italian city (7)
2 Washsrwoman on American city strip (9)
3, 8 Six hundred initially, guide dog's payment (6,7)
5 A record's very high (4)
6 Dance with sailors or dance without sailors? I take physical exercise (8)
7 Nail in carpet a long way off (5)
8 See 3
11 I'm in favour of registering distaste (7)
14 Everything about company house could be intoxicating (7)
17 Egg-producer in left-wing country to right (9)
18 Suggestion of support for reconstructioo of Laos (8)
19 Dead bird drops tail and stones cars in fairground (7)
21 Scourer taken for granted? (7)
22 Sound of strong-arm tactics in shellfish (6)
24 Sound of money in hiding-place (5)
26 Dress for dressing? (4)

Solution to Puzzle No.6,658



Solution and winners of Puzzle No.6,647



Mrs J. Baillie, London SE9; Mrs C. Bumstead, Sevenoaks, Kent; Mrs B.A.L. Field, Keele, Staffs; Mrs C.J. Kramer, East Horsley, Surrey; Mr C.H. Lard, Worthing, West Sussex.

TELEVISION AND RADIO

SATURDAY

BBC1

BBC2

LONDON

CHANNEL 4

S4C WALES

GRANADA

11:30 am Incredible Hulk. 12:00 (midnight) Kojak. 1:00 Film "Green Berets" (1968) John Wayne in Vietnam.

HTV

SCOTTISH

TSW

ANGLIA

BORDER

CHANNEL

GRAMPIAN

TVS

TYNE TEES

ULSTER

11:30 am Terrahawks. 1:03 pm Ulster News. 5:03 Ulster News. 10:17 Ulster News. 12:00 9 to 5. 12:25 Local weather.

YORKSHIRE

RADIO

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4

SUNDAY

BBC1

BBC2

LONDON

S4C WALES

ANGLIA

BORDER

CHANNEL

GRAMPIAN

CHANNEL 4

Some 21 dancers are put through their paces in Granada's "Making it - the dance competition", 10.30, tonight, ITV

GRANADA

HTV

TSW

TVS

SCOTTISH

TYNE TEES

ULSTER

YORKSHIRE

RADIO

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4